La Cámara de Comercio de Puerto Rico

y su Comité de Salud presentan el Seminario

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Proyecto de Medicamentos

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Agenda

- Summary of State Laws Regulating the Practices of PBMs
- Unintended Consequences of Regulations
  - Economic Impact

Summary of Regulations

- Around twenty eight (28) States regulate PBM practices in one way or another
- The Federal Government is against few particular regulations due to increases in drug costs
- Current Regulations involved:
  - Fair Pharmacy Audits
  - PBM transparency
  - Clinical/professional judgment
  - No retaliation
  - PBM registration

Current Regulations (cont.)

- Requirement of License
- Require Surety Bond
- The payment of an application fee ($100- $250)
- Imposition of penalties of up to $500
- Insurance Commissioner audits
- No discrimination between Mail and Retail pharmacies
- MAC Price Regulations

Generic (MAC) Reimbursement Regulations

Generic drugs market distinguishes from the brand market in essence because one medication (for example Atorvastatin 10 mg or the generic for Lipitor 10 mg) can be manufactured by several companies with very different pricing among them.

Real Example:

Atorvastatin 10mg (Mylan)	AWP $4.04
Atorvastatin 10mg (Liberty)	AWP $0.26
Atorvastatin 10mg (Dr. Reddy)	AWP $4.04
Atorvastatin 10mg (Greenstone)	AWP $3.85
Atorvastatin 10mg (Apotex)	AWP $4.05
Atorvastatin 10mg (Aphena)	AWP $0.40

Cost Variation

This is the reality of more than 90% of generic products where the price between them can widely vary up to 6,000%. These variations are similar in the actual acquisition cost between generic products.

Which one of these products should the pharmacy buy?
Which one should the PBM reimburse?
Which one should society pay for?

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Factual Differences

PBMs create a MAC price list or the Maximum Allowable Cost which the actual reimbursement to be paid to pharmacies for a given generic product. This is primarily done to incentivize pharmacies to buy the least expensive product for the benefit of its clients (Health Plans, Employers, Government, etc...) and ultimately, society.

Generic (MAC) price or reimbursement regulations, in other words, intends to guarantee pharmacies a reimbursement for whatever product they buy, regardless of the cost comparison to other products.

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What will be the results?

The unintended consequence is to create a disincentive to pharmacies to buy the least expensive one to the detriment of almost all stakeholders. This could have disastrous consequences to our already broke health system.

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Our cost estimate that the yearly economic impact of this project could reach between $13,000,000 to $20,000,000 to the generic costs just for the population enrolled in commercial health plans in Puerto Rico causing an increase in member cost share between $2,000,000 to $3,000,000.

Generic Ingredient Costs differences between States with MAC regulations vs Non-Regulated are from $15.00 to $25.00 per generic prescription

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Thanks

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