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Paying for Value



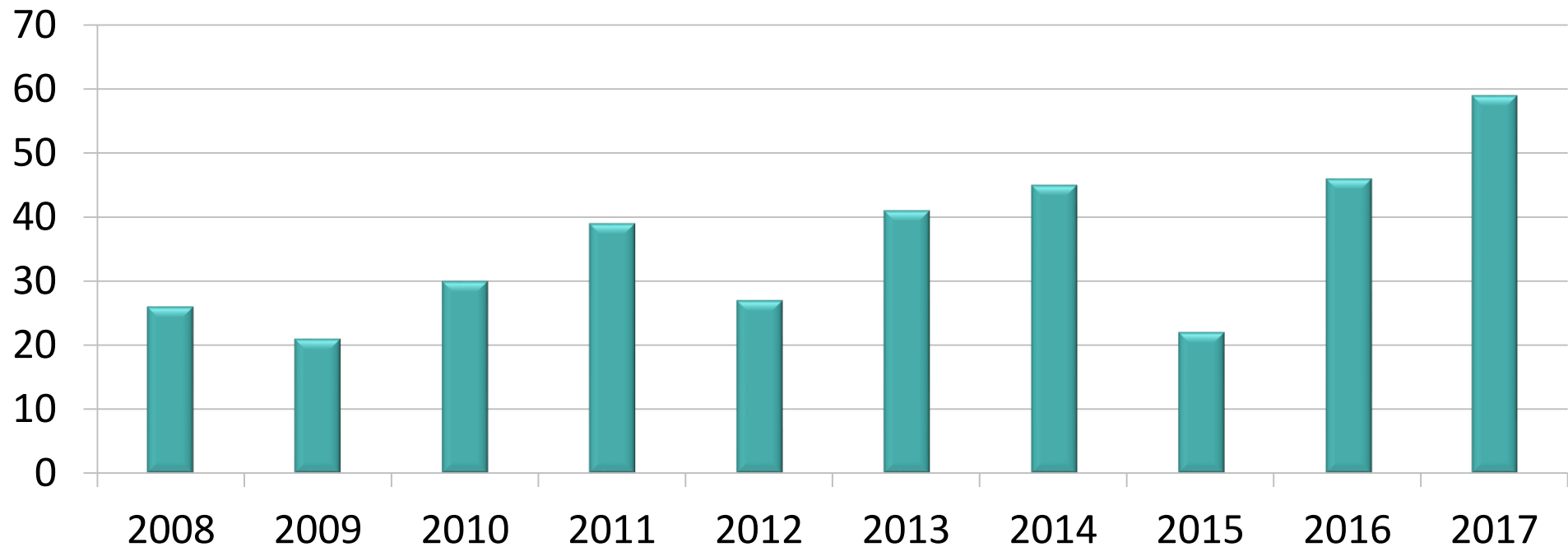
Background

Why the focus in Medicaid on Alternative Payment Models (APM) or Value Based Contracts (VBC)?

- Prescription drug spending is a key driver in healthcare spending
- Increase in costly specialty medications
- Finite Medicaid budgets
- VBC may provide some cost predictability for the state
- Medicaid is a unique regulatory environment
- Some of the most vulnerable populations
- Goal is to treat the most members with the best possible care within the budget provided

Drug Trends

of Novel Drugs Approved



- During state fiscal year (SFY) 2018 Oklahoma Medicaid spent 42.6% of total pharmacy expenditures on 0.92% of claims for medications costing >\$1,000 per claim

FDA. 2017 New Drug Therapy Approvals. January 2018.

Brooks M. FDA Approved Record Number of Drugs in 2018. *Medscape*. January 2019.

Kamal R. What are the recent and forecasted trends in prescription drug spending? December 2018.

APMs in Medicaid: Barriers

- Cannot exclude coverage of a drug (Medicaid Drug Rebate Program)
- Different approaches to prescription drug coverage and payment between and within states (Fee-for-service [FFS] vs managed care organization [MCO])
- Drug purchasing issues: 340B, purchasing pools, clinician administered drugs, delay in rebate reconciliation
- Selection of outcome measure (feasible measurement to evaluate)
- Realization of savings/benefits
- Prescriber behavior changes

Stuard S, Beyer J, Bonetto M, et al. SMART-D Summary Report. Center for Evidence-Based Policy. September 2016.

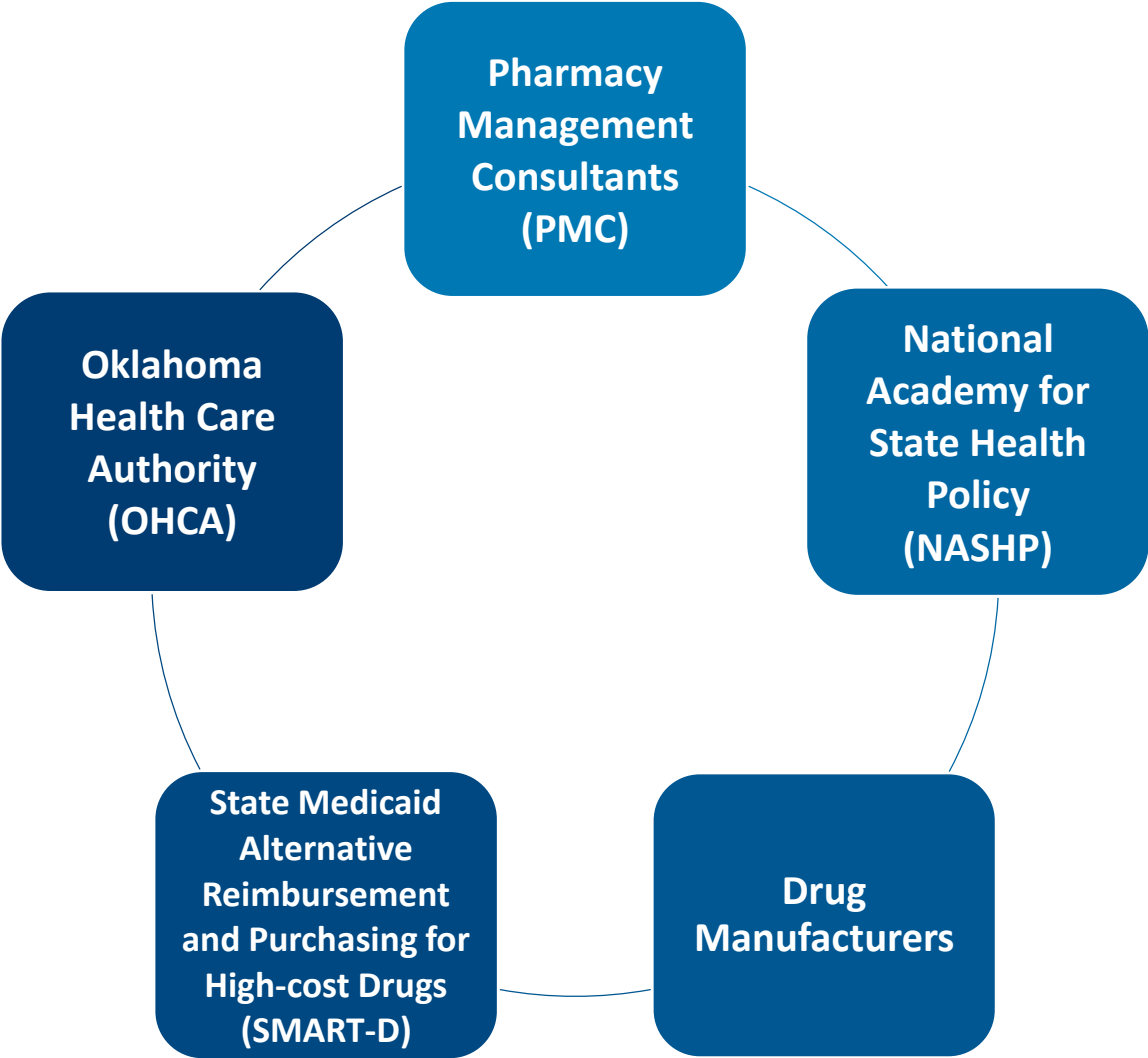
Goodman C. Value-Based Health Care: Identifying Benefits for Patients, Providers & Payers. November 2017.

Kenney JT. The Outcome of it All – The Impact and Value of Outcomes Based Contracts. October 2017.

Oklahoma Details

- Average annual enrollment: Approximately 1 million members
- 100% FFS (no MCOs)
- Oklahoma Medicaid is a member of purchasing pool [Sovereign States Drug Consortium (SSDC)]
- Pharmacy benefit managed by Pharmacy Management Consultants (PMC) – a division of the University of Oklahoma College of Pharmacy
 - Access to both medical and pharmacy claims

Partners



Oklahoma Health Care Authority. Annual Review of the Pharmacy Benefit. April 2018.
National Academy for State Health Policy. NASHP Awards Grants to Colorado, Delaware, and Oklahoma to Tackle Rising Rx Drug Prices. 2017.
Stuard S, Beyer J, Bonetto M, et al. SMART-D Summary Report. Center for Evidence-Based Policy. September 2016.



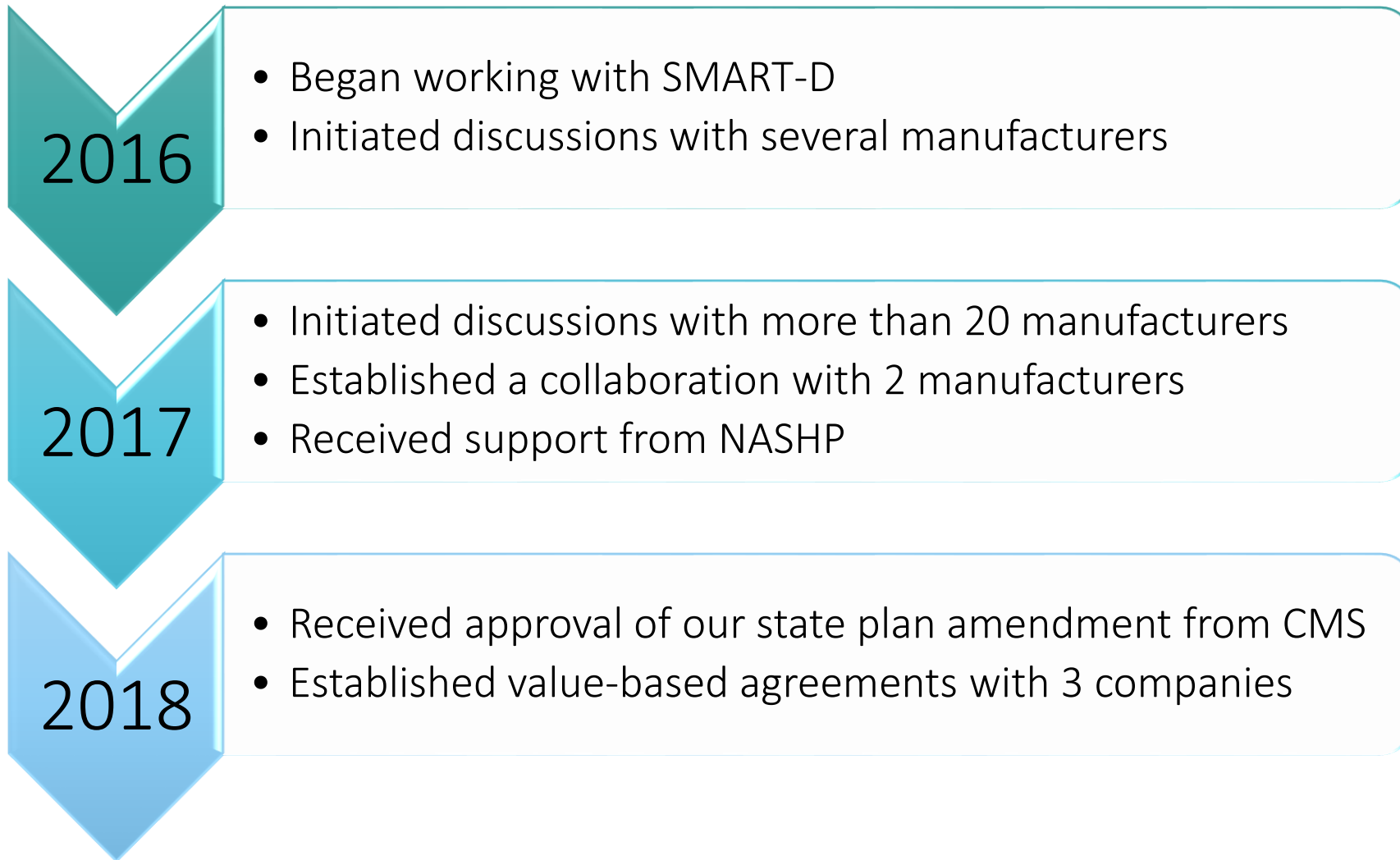
Oklahoma's Approach

- Oklahoma's goal was to negotiate a mutually beneficial APM contract with a manufacturer
 - Pave the way for future contracts between Medicaid programs and manufacturers
 - To engage in different types of agreements
 - Share lessons learned with others
 - Anything is on the table for discussion
 - Not all agreements are focused solely on initial cost of product
- Utilize PMC research team for analysis of all findings (inclusive and exclusive of the agreement)
- Worked with CMS to get approval of a State Plan Amendment (SPA)

Stuard S, Beyer J, Bonetto M, et al. SMART-D Summary Report. Center for Evidence-Based Policy. September 2016.

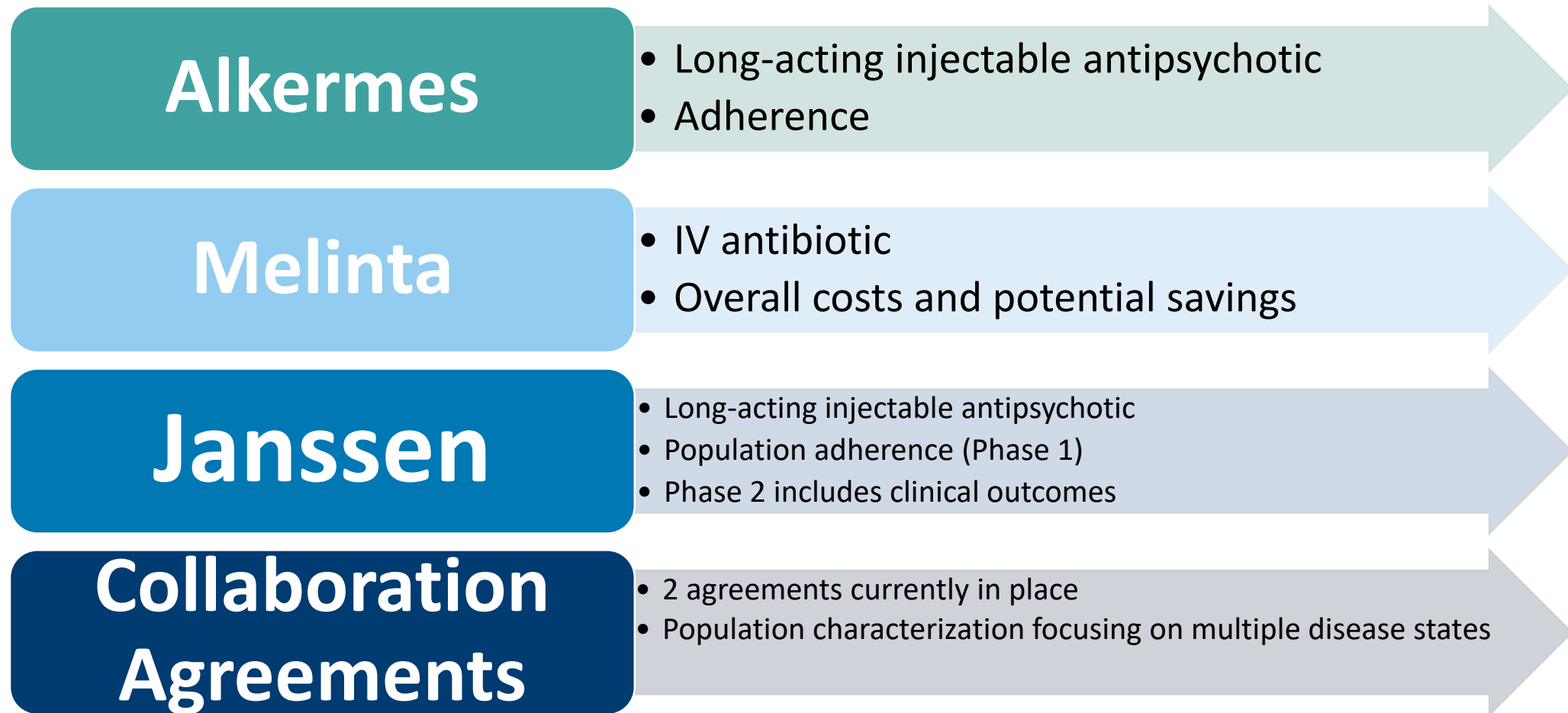
Centers for Medicare and Medicaid Services. Press Release: CMS Approves State Proposal to Advance Specific Value-Based Arrangements with Drug Makers. June 2018.

Timeline



National Academy for State Health Policy. NASHP Awards Grants to Colorado, Delaware, and Oklahoma to Tackle Rising Rx Drug Prices. 2017.
Stuard S, Beyer J, Bonetto M, et al. SMART-D Summary Report. Center for Evidence-Based Policy. September 2016.

Overview of Executed Contracts



Oklahoma Health Care Authority. Press Release: Amgen, Oklahoma Health Care Authority and University of Oklahoma's Pharmacy Management Consultants Partner to Improve Medicaid Outcomes. June 2018.

Beasley D. Oklahoma Medicaid tests new tactic to curb U.S. drug costs. *Reuters*. August 2018.

Cohrs R. Oklahoma, Pioneer On Outcomes-Based Medicaid Rx Pricing, To Unveil Third Contract. *Inside Health Policy*. October 2018.