January 13, 2019

To Whom It May Concern:

The CCO Oregon Pharmacy Workgroup submitted comment in September 2018 to the Oregon Health Policy Board (OHPB) expressing concern to moving forward with the implementation of a Preferred Drug List (PDL) for CCOs without further discussion, scope and financial clarity. The OHPB subsequently adopted a policy option in support of an aligned PDL as was reflected in the release of the draft CCO 2.0 Request for Application (RFA) without detail, dialogue or a vetted framework. We maintain our concerns regarding an aligned PDL and therefore submit this comment in response to the draft CCO 2.0 Request for Applications (RFA).

We appreciate that the draft RFA includes steps to engage CCOs in the aligned PDL development and implementation process. CCOs bring a needed perspective regarding operational considerations at the local and regional levels -- the boots on the ground reality -- that is essential to a multifaceted change of this magnitude.

Movement towards an aligned PDL necessitates further analysis, as even the Myers & Stauffer report stated, to plan for risk mitigation and to understand potential impacts to the capitation rate and/or plan for the expected sunset of the risk corridor. A thoughtful approach is essential because managed care principles, coordinated care and operational CCO control may be compromised rather than improved leading to higher overall costs.

While we applaud and agree with the OHA's interest in lowering pharmaceutical costs, we are not convinced this is the appropriate mechanism especially without addressing other aspects of the current structure. Namely, we are concerned that if drugs are added to an PDL based on cost to the State, cost to the CCO may be overlooked.

The State may be leveraging a rebate that makes the drug cheaper for the OHA but not for the CCO -- the procurement of rebates and use of those dollars is not aligned. A fee-for-service pharmacy & therapeutics committee is not a CCO pharmacy & therapeutics committee and the net effect of this policy option as it currently unfolds may favor drug companies and supplemental rebates over CCOs. There is concern that as drugs are added to an PDL, prescribers may over rely on these drugs presuming the same low cost for all payers. If only the OHA is receiving a lower cost due to rebates, this could increase costs for other payers and ultimately the health system overall. Moreover, rebates may expire or not be renewed leading to greater costs overtime.

Lastly, in attachment 12 on pages 2-3, applicants are asked if they will "fully" adopt an aligned PDL. With so many concerns and questions left on the table, it is premature for OHA to evaluate an applicant on this criterion and does not support due process or equitable engagement of CCOs in the development and implementation of an aligned PDL. Further, Attachment 12 asks applicants for the level of current fee-for-service (FFS) PDL alignment. In order to complete this analysis, the OHA will need to provide applicants with the FFS PDL in an Excel file, or other machine-readable file, that includes National Drug Codes (NDCs), FFS PDL placement, and associated UM edits.

We request that the RFA reflect these concerns and include processes to conduct further analysis and ensure the best cost for all parties.

Thank you for your consideration,
The CCO Oregon Pharmacy Workgroup

For questions or further comment, please contact Samantha Shepherd, CCO Oregon Executive Director at samantha@ccooregon.org or 928.699.1343.