VA HCV Drug Price Negotiation Process

Objectives

- Describe the key objectives of the VA Formulary Management Process
- Describe the evolution of Hepatitis C treatment in VA
- Understand the impact of VA formulary management practices on hepatitis C medication pricing

VA Profile

- Staff Model HMO
  - Comprehensive health care system
  - Direct provider of care
  - Providers are employees
  - Own and operate infrastructure
  - Prescription drug benefit is integrated, not added on or contracted out

VA Statistics (FY 2017)

- Facilities
  - 168 VAMCs
  - 1,053 Outpatient care sites
- Veterans
  - 22.0 million total (9% women)
  - 9.1 million enrollees
  - 6.3 million patients treated
  - 5.0 million pharmacy users

VA Statistics (FY 2017)

- 281 million outpatient RXs (30-day Eqv)
  - 85% via mail order
  - 15% via local facility pharmacies
- $4.8 billion outpatient drug expenditures
  - Cost per 30-day Eqv RX nearly flat for 17 years
  - Cost low for population (elderly, male, comorbidities)

VHA Handbook 1108.08: VHA Formulary Management Process

- Formulary Management Process
  - Purpose, Background, Definitions, Scope
  - Responsibilities
  - Procedures
- Compassionate Use of Nutraceuticals
- Cosmetic and Enhancement Drugs
- Tablet Splitting
- Inventory Management
- Compounding of Non Sterile Pharmaceutical Preparations

Key Objectives

- Promote formulary decisions that are evidenced-based, not preference-based
- Promote appropriate drug therapy and discourage inappropriate drug therapy
- Reduce the geographic variability in utilization of pharmaceuticals across the VA system
- Promote portability and uniformity of the drug benefit

Key Objectives

- Initiate patient safety improvements
- Design and implement relevant outcomes assessment projects
- Improve the distribution of pharmaceuticals
- Reduce inventory carrying costs, drug acquisition costs and the overall cost of care

Formulary Overview

- VANF is the sole drug formulary used in VA
- Dosage form specific (e.g. aspirin tab,ec)
- Co-pay:
  - Tiered copay: Tier 1 (preferred generics) $5 per 30-day supply, Tier 2 (non-preferred generics and some OTCs) $8 per 30-day supply, Tier 3 (brand name) $11 per 30-day supply
  - Affects only ~50% of Veterans based on eligibility
  - Same co-pay for Formulary vs. Non-Formulary
  - Different than Private Sector (tiers)
- Non-Formulary Process

VA National "P&T" Committee

- Medical Advisory Panel (MAP)
  - 15 physicians
  - 12 PBM Clinical Pharmacists
  - 1 VPE member
- VISN Pharmacist Executives Committee (VPE)
  - 18 pharmacists
  - 1 MAP member
- Meetings
  - Monthly conference calls
  - Face-to-Face quarterly meetings (combined)
  - MAP vote prevails when consensus cannot be reached

Formulary Development

- New Molecular Entity Review (NME)
- Local Provider (via VISN P&T Committee)
- VISN P&T Committee, the VISN Pharmacist Executive Committee (VPE), the Medical Advisory Panel (MAP), a VHA Chief Medical Consultant or VHA Chief Medical Officer
- Contracting Standardization

NME Review Process

- NME approved by FDA
- Literature search and draft review completed
- Presented to VPE/MAP committees and changes incorporated
- Disseminated widely to clinical staff for comment
- Presented to VPE/MAP committees and changes incorporated
- VA National Formulary decision
- National criteria for use developed when indicated

Contracting

- Clinical review may lead to a national contract
- Review will determine type of contract
  - Evaluation factors vs. price alone
- Therapeutic Interchange contract
  - Therapeutic equivalence - evaluated by price alone
  - Evaluation factors - evaluated by best value
- Standardization contract
  - Generic contract - evaluated by price alone

Standardization Contract

- Market conditions
  - Adequate competition (vendors, package sizes)
  - Sufficient raw materials
  - Price reduction and stabilization
- Contracting requirements
  - Minimum requirements (volume)
  - Vendors and package sizes

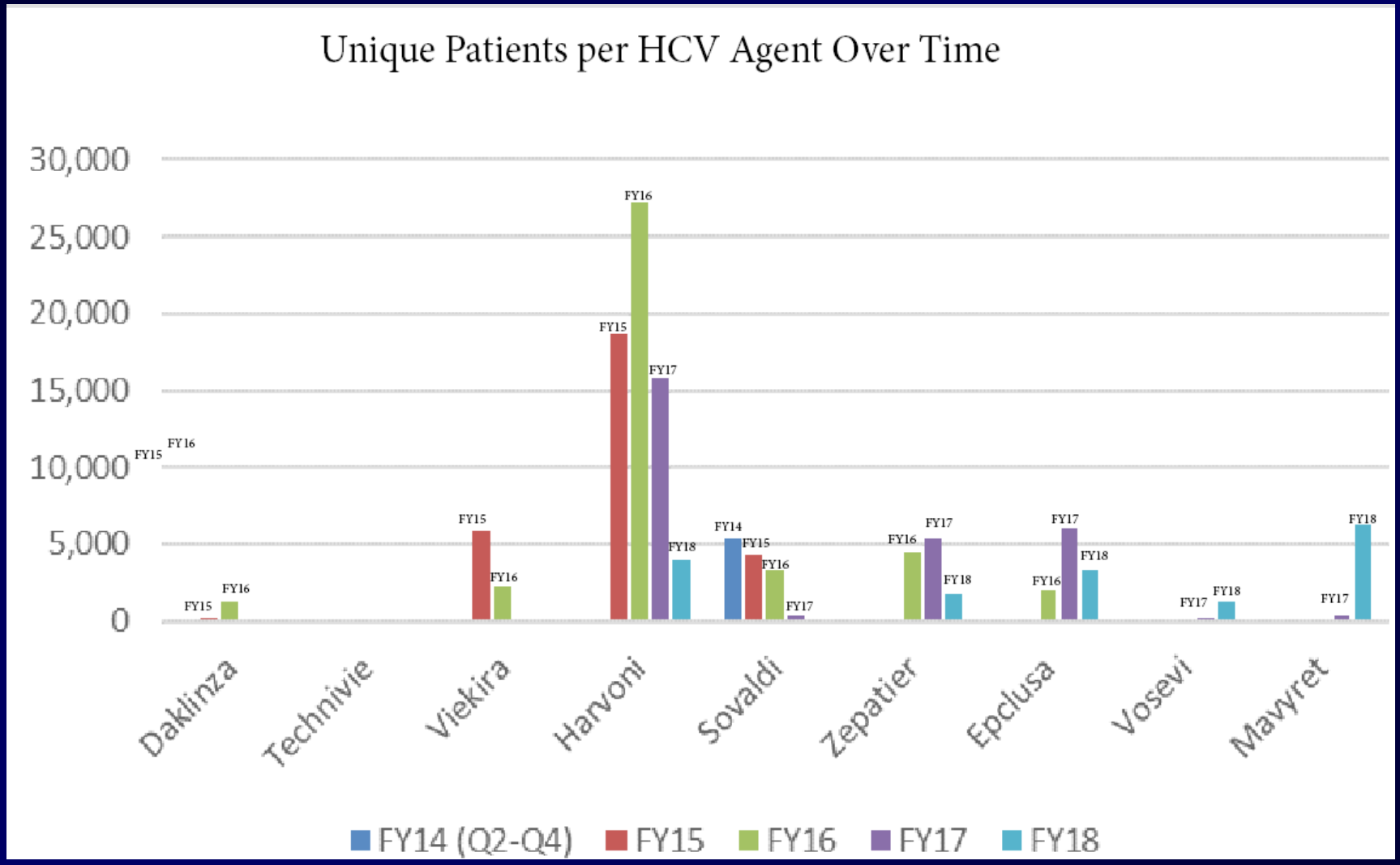
Formulary Mgt Strategy

- Clinical Staff Buy-In
  - Before formulary decisions are made and implemented, each VA clinician has an opportunity to provide input
  - Due to up front buy-in and evidence based reviews, contract adherence for “closed” classes is rapid and extensive. Adherence can reach 90% in 3 months and >98% within 6 months

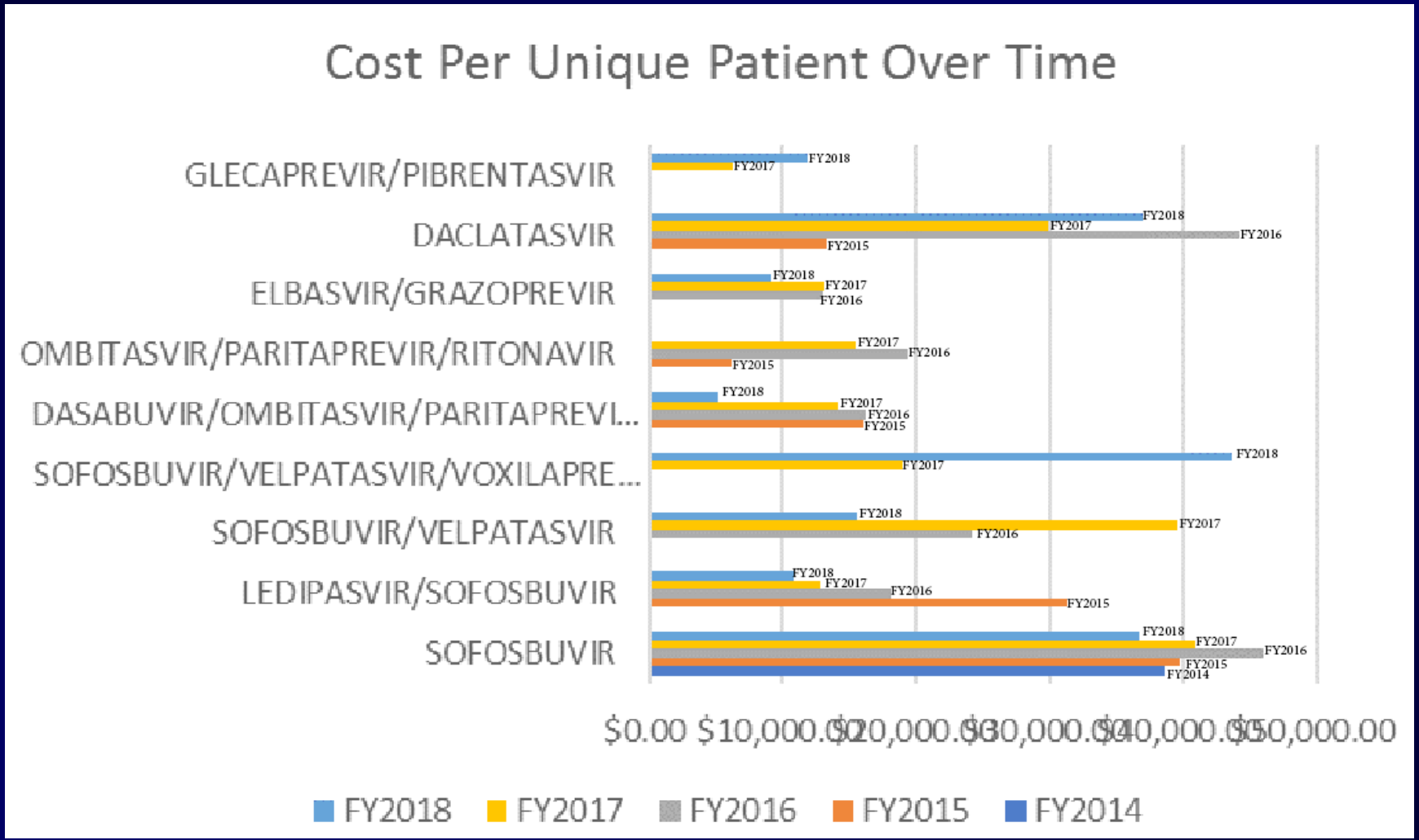
Hepatitis C Treatment in VA

- All direct acting antivirals for HCV are on the VA national formulary with a prior authorization
- Each drug regimen has a criteria for use to help guide providers to use the most safe, effective, and cost effective regimen available that meets the needs of the patient
- VA criteria for use are available via the Formulary Search Tool at: https://www.pbm.va.gov/apps/vanationalformulary/

Hepatitis C Treatment Trends



Hepatitis C Treatment Trends



Questions?