

## HHSC Sunset Review

November 13, 2014

### The Alliance of Independent Pharmacists of Texas Supports

#### *Issues 1 & 3: Further Consolidation at HHSC*

- Encourage Strong Leadership
- Implement a System to Measure Performance
  - Improve Transparency
  - Improve Analytics
  - Integrate a User Friendly Dashboard
- Keep streamlining the Vendor Drug Program (VDP) and the Prescription Drug Benefit
- Enhance transparency, performance and accountability for PBMs:
  - *“HHSC’s continued focus on fee-for-service comes at the expense of the state providing sufficient oversight of managed care organizations and their subcontracted pharmacy benefit managers — .....” (page 74)*

### The Alliance Recommends

#### *Issue 4: Prescription Drug Benefit Updates*

- Keep the Pharmaceutical and Therapeutics Committee and the Drug Utilization Review Board
  - These two groups are the only window of transparency into the approximately \$3.5 Billion Prescription Drug Benefit
- Increase Transparency, specifically MCO and PBM transparency
- Increase Performance and Quality Dashboard Metrics
- Implement Benchmarking to effectively compare and improve cost benefit analyses
- Enable VDP to continue to streamline its services across multiple agencies and programs
- Enable VDP to act and work like a PBM, where the State can leverage best practices and pricing across all programs
- Partner with Small Business to continue to grow Texas



The Voice of Independent Pharmacists



November 21, 2014

The Honorable Jane Nelson  
Sunset Advisory Committee Chair  
P.O. Box 13066  
Capitol Station  
Austin, Texas 78711

Dear Senator Nelson,

Unfortunately, I was not able to stay to testify last week at the Sunset Committee Hearing due to an unexpected inspection from the Texas State Board of Pharmacy. I'm happy to report my pharmacy received a clean inspection.

I wanted to share with you and the Committee that the Alliance of Independent Pharmacists of Texas appreciates the Commission's hard work on the HHSC Sunset Report and supports Issue 4 in regards to streamlining Medicaid.

As small business owners who serve thousands of Medicaid patients, pharmacists' concern is how is the state holding Pharmacy Benefit Managers (PBMs) accountable for the \$3 Billion in prescription drug benefits. As Sen. Schwertner pointed out during the review, transparency is missing within the drug benefit with PBMs, and as the Sunset Report states there aren't enough checks and balances in place under Medicaid Managed Care.

As a member of the P&T Committee, I am happy to report with Vendor Drug we are improving. We have been able to hold Magellan and the Vendor Drug Program (VDP) more accountable. However, we haven't been able to hold Managed Care Organizations (MCOs), much less PBMs accountable under the current system. VDP is the state's PBM--let's leverage that for Texans, instead of giving money away to third party out-of-state for profit entities.

As noted recently by the Comptroller's Office, premium taxes are on the rise and growing General Revenue. But we need more transparency to help evaluate the cost benefit relationship around premium tax and Medicaid savings/costs.

We petition you and the Committee to consider **updating the recommendation to better improve** transparency and accountability for the \$3 Billion.

The Alliance would like to be a resource to you and the Committee as we go through the Sunset process during the 84<sup>th</sup> Texas Legislative Session.

Thank you for your service to our great state.

Rene Garza, Pharm.D.  
Alliance Immediate Past President  
Owner/President  
Stonegate Pharmacy, Austin

cc: Sunset Committee Members