Pharmacoeconomics and Pricing: Now and after healthcare reform.

Applied Pharmacoeconomics and Outcomes Research Forum

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UCDAVIS HEALTH SYSTEM

Objectives

- Discuss potential impacts of healthcare reform on drug pricing at UCDMC and how this might effect:
  - Revenue and costs
  - Patients
- Describe how UCDMC uses pharmacoeconomic data and how drug pricing changes might affect this in the future.

UC Davis Medical Center

Statistics*

Licensed beds 613

ER visits 55,238

Clinic/office visits 918,036

Admissions 33,295

For year ending June 30, 2009

UCDMC Pharmaceuticals Budget

Inpatient - $20M

Outpatient “retail” pharmacy - $12M

Clinic administered drugs – $30M

- 340B – $24M
- non-340B - $6M

Potential impacts of PPACA on drug prices

- Expanded eligibility for Medicaid
- Increased Medicaid rebates
- Revised AMP calculations
- Expanded 340B eligibility
- Exclusion of orphan drugs
- Dispute resolution process

OBRA 1990 aka Dingell Bill

Created Medicaid drug rebate program

Manufacturers passed on costs to other sectors, resulting in Veterans Healthcare Act of 1992 creating the 340B program

Representative Dingell “I’m surprised they did that (raised prices).”

Lobbyist “I’m surprised he’s surprised.”

Other impacts of PPACA

- Medicare Part D expansion
- Closing the donut hole
- Biosimilars
- Inpatient 340B prices

Impacts on UCDMC

Medicaid expansion – decreased profitability of retail pharmacy

Increased Medicaid rebate – decreased 340B price/increased inpatient price **$3-5M savings**

Inpatient 340B expansion - **$5M savings**

Medicare Part D expansion – increased profitability of retail pharmacy

Use of pharmacoeconomics at UCDMC

- Cost minimization for inpatients
- Relatively unsophisticated
- Not entirely siloed
- Look at reimbursement and impact on profitability, especially in clinic setting
- Little changes with PPACA

Questions?