

# **Cost Transparency Rx**

## **California Office of Statewide Health Planning and Development**

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# OSHDP's Mission

OSHDP advances safe, quality healthcare environments through innovative and responsive services and information that:

- Ensure safe facilities
- Finance emerging needs
- Cultivate a dynamic workforce
- Support informed decisions

# Cost Transparency Rx Overview

SB 17 (Hernandez, Statutes of 2017) seeks to increase prescription drug cost transparency by:

1. Requiring advance notification to public and private purchasers before a specified cost increase occurs, and making public certain information associated with the increase.
2. Providing information about the impact of cost increases to health plans and insurers.

OSHPD is charged with the collection and publication of prescription drug cost information, and administration of penalties where compliance issues arise.

# Health Plan / Insurer Provisions

Health Plans and Insurers must provide the following information to state health plan and insurer regulators by October 1, 2018, and annually thereafter:

- 25 most frequently prescribed drugs
- 25 most costly drugs by total annual plan spending
- 25 drugs with the highest year-over-year increase in total plan spending
- Other aggregate data on the impact of drug costs to large group health care plans and health insurance policies

# Drug Manufacturer Provisions

- 60-day advance notice to specified purchasers of items with a wholesale acquisition cost (WAC) increase of more than 16% including the current increase and all cumulative increases that occurred within the previous two calendar years – January 1, 2018
- 3-day notice to OSHPD/ 30-day report to OSHPD of new prescription drugs with initial WAC of \$670 or more – January 1, 2019
- Quarterly retrospective report to OSHPD of all items with a WAC increase of more than 16% including the current increase and all cumulative increases that occurred within the previous two calendar years— April 1, 2019

# New Prescription Drugs

For each item introduced to market with a WAC that exceeds the threshold set for a specialty drug under the Medicare Part D program (currently \$670), manufacturers must provide to OSHPD:

- Initial 3 Day Notice
- 30 Day Item Summary

# New Prescription Drugs

## Initial 3 Day Notice Elements

- National Drug Code (NDC) Number

1 2 3 4 5 – 1 2 3 4 – 1 2  
Labeler      Product      Packaging  
Code      Code      Code

- Product Launch Date
- WAC Amount

# New Prescription Drugs

## 30 Day Item Summary Elements

- NDC Number
- Marketing/Pricing Plan Description
- Estimated Patient Volume Units
- Breakthrough Therapy Indicator
- Priority Review Indicator
- Acquisition Date – as applicable
- Acquisition Price – as applicable

# New Prescription Drug Data Product

Introduced to Market Date (All)	Manufacturer Name (All)	Drug Product Description (All)	Wholesale Acquisition Cost (WAC)
March 4, 2019	Otsuka America Pharmaceutical, Inc.	ABILIFY MYCITE 2mg (aripiprazole tablets with sensor)	\$1,650.00
		ABILIFY MYCITE 5mg (aripiprazole tablets with sensor)	\$1,650.00
		ABILIFY MYCITE 10mg (aripiprazole tablets with sensor)	\$1,650.00
		ABILIFY MYCITE 15mg (aripiprazole tablets with sensor)	\$1,650.00
		ABILIFY MYCITE 20mg (aripiprazole tablets with sensor)	\$1,650.00
		ABILIFY MYCITE 30mg (aripiprazole tablets with sensor)	\$1,650.00
March 1, 2019	SUN PHARMACEUTICALS	Leuprolide Acetate Injection 1Mg/0.2MI, 2.8MI	\$705.67
	Titan Pharmaceuticals, Inc.	Probuphine Implant	\$4,950.00
	TWi Pharmaceuticals USA, Inc.	Cyclobenzaprine HCl ER Oral Capsule Extended Release 24 Hour 30 MG	\$900.00
		Cyclobenzaprine Hydrochloride ER Capsule 15mg-60's	\$900.00
February 28, 2019	Pfizer	Busulfan Injection 60 mg/10mL (6mg/mL)	\$7,786.00

# New Prescription Drug Data Product Analytics

- Since the Q1 New Prescription Drug data product was launched on April 10, 2019, the website has had over 1200 unique page views
- The dataset published on the CHHS Open Data Portal has had over 900 page views and has had over 770 downloads

# Drug Cost Increase Data

For each item that exceeds the WAC increase threshold as specified, manufacturers must provide to OSHPD:

- WAC Increase Summary
- 5 Year WAC History
- Drug Acquisition Information

# WAC Increase Summary

## WAC Increase Item Summary Data Elements

- NDC Number
- Item Description
- WAC Effective Date
- WAC Amount
- Description of Specific Financial & Nonfinancial Factors
- Patent Expiration Date – as applicable
- Drug Source Type
- Change / Improvement Description – as applicable
- US Sales Volume (Units) - Previous Calendar Year

# Drug Acquisition Information

## Drug Acquisition Data Elements

- NDC Number
- Acquisition Date
- Company From Which Acquired
- Acquisition Price
- WAC at Acquisition
- WAC Year Prior to Acquisition
- Year of Market Introduction
- WAC at Market Introduction

# CTRx Program Metrics

- Number of Manufacturers Registered: 130
- Number of New Drug Reports for Q1 and Q2 2019: 148
- Number of Drug Cost Increase Reports for Q1 and Q2 2019: 1065
- Number of Registered Purchasers: 70

# CTRx Program Metrics

- For Q1 and Q2 2019, 62% of marketing plans reported to be non-public on New Drug Reports (38% reported)
- For Q1 2019, 50% single source (brand) drugs and 50% multiple source (mostly generic) drugs reported on WAC Increase Reports
- For Q1 2019, 80% cost increase factors reported to be non-public on WAC Increase Reports (20% reported)
- For Q1 2019, 74% change improvement description reported to be non-public on WAC Increase Reports (26% reported)

# CTRx Program Metrics

- Reports are submitted as .csv files or entered online through OSHPD's report submission portal
- Automated edits and analyst review provide feedback to manufacturers
- Manufacturers may choose to pre-fill their 5 year WAC history using Medi-Span data
- Late reports are penalized \$1,000 per day per drug product

For more information on the CTRx Program:

[www.oshpd.ca.gov/data-and-reports/cost-transparency/rx](http://www.oshpd.ca.gov/data-and-reports/cost-transparency/rx)