

# **NAIC Rx Supply Chain White Paper: BCBSA Recommendations**

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## **Rx Supply Chain: Pharmaceutical Manufacturers**

- In 2021, manufacturers raised prices of 822 brand name drugs by an average of 4.6%
- Drug price increases exceeded inflation between July 2019 and July 2020.
- BCBSA supports improved manufacturer transparency of prescription drug pricing and prescription drug financial assistance by all third parties
  - Patient assistance programs, including coupons, should be offered for the duration of a plan year and not be conditioned on enrollment in a specific health plan or type of health plan
  - BCBSA supports preserving the anti-kickback statute that prohibits drug coupons in government programs

## **Rx Supply Chain: BCBS Plans**

*Providing Innovative Solutions for Members:*

- Drug price transparency with real-time cost information to providers and patients
  - Tool provides comparative information about the costs of a particular drug
  - Members work with providers to identify the most appropriate and cost-effective medication
- Outcomes-based agreements
  - Pharmacy costs and health outcomes assessed and compared with outcomes of members taking a medication compared to members who use other medications to treat the same health condition
  - If the medication does not perform as expected, the drug company reimburses the plan for a portion of the cost
  - Negotiating outcomes-based agreements with drug manufacturers lowers costs by identifying lowest-cost/most effective medications for specific health conditions

## Rx Supply Chain: PBMs

- PBMs utilize tools that encourage patients, working with their physicians, to select the safest and most effective drugs at the lowest possible price.
  - Negotiate with manufacturers and pharmacies to lower the overall cost of drugs for consumers
  - Manage pharmacy networks to drive competition on service, price, convenience and quality
  - Enact safety protocols to reduce negative drug interactions, increase safety and ensure appropriate use

## **Rx Supply Chain: Pharmacies and PSAOs**

- Specific types of pharmacy providers should not have financial advantages through mandated contract terms between pharmacies and PBMs or mandated coverage of drugs at acquisition cost
- “Any willing pharmacy” proposals dilute the value of pharmacy networks and the willingness of pharmacies to compete on price.
- Further study is necessary to understand how pharmacy services administrative organizations (PSAOs) impact the drug supply chain and what state actions are needed to lower prescription drug costs
- Mail order pharmacies have been found to support higher medication adherence and lower total costs per medication compared to retail pharmacies

## BCBSA Efforts to Reduce Rx Costs | Civica

- BCBSA and several Plans are engaging with the nonprofit generic drug company, Civica, to bring lower priced generics to market

CivicaScript	Civica Foundation: Insulin
<ul style="list-style-type: none"><li>• In 2020, BCBSA announced a partnership with Civica to create a new, non-profit subsidiary – named CivicaScript – dedicated to lowering the cost of select, out-patient generic drugs.</li><li>• The partnership with BCBSA and 18 independent BCBS companies will help make sure Americans are able to get the generic prescription drugs they need at a price they can afford.</li><li>• CivicaScript will develop and manufacture six to 10 common, but high-priced generic prescription medicines, for which there is currently not enough market competition to drive down price.</li><li>• Two drugs are expected to be marketed later this year.</li></ul>	<ul style="list-style-type: none"><li>• In March 2022, BCBSA and 12 BCBS companies announced a partnership with Civica to increase access to affordable insulin.</li><li>• Civica will develop, manufacture and distribute insulins at significantly lower prices than insulins currently on the market.</li><li>• Civica will produce three insulins – glargine, lispro and aspart (biologics corresponding to, and interchangeable with, Lantus, Humalog and Novolog respectively) – each of which will be available both in vials and prefilled pens.</li><li>• Costs to consumers will be no more than \$30 per vial or \$55 for a box of five pens – starting in 2024.</li></ul>

# Contact

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