

MMCAP "Directors" Annual Meeting

[YOU (state Chief Procurement Officers or designees) are the MMCAP "Directors"]

Paul Stembler
MMCAP Manager/Assistant Director
Materials Management Division
Minnesota Department of Administration

- Agenda:
- Structure
- MMCAP 101
- Options and Opportunities
- 2006 Overview and Review
- 2006 Business Meeting

Minnesota Multi-State Contracting Alliance for Pharmacy

MMCAP Directors Meeting - August 2006

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• Simple Structure:

- Based on Agreement of Understanding and Joint Powers Agreement (AOU-JPA)
- MMCAP Manager and staff
- MMCAP "Directors"
- MMCAP State Contacts

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• **Simple Structure:**

- **Based on AOU-JPA**
 - Signed as you joined or in 2000/2001 (updated from when you originally signed)
- **MMCAP Manager and staff**
 - Designated by Commissioner, Minnesota Department of Administration
 - MMCAP Manager responsible to "Directors" for operation of the program
 - MMCAP staff work for the MMCAP Manager

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• **Simple Structure:**

- **MMCAP "Directors"**
 - Annually meet in conjunction with NASPO Annual Meeting
 - Provide advice and review
- **MMCAP State Contacts**
 - Appointed by "state director"
 - Represent each "state director"
 - Two from each state (Procurement and Pharmacy)
 - Attend annual business meeting (held in January/February in St Paul) to make recommendations to award contracts and to advise on operations
 - Elect Advisory Panel, which represents state contacts, and provides advice and review between annual business meetings

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• **Simple Structure:**

- **MMCAP pays for the non-salary costs of:**
 - Directors attending the annual NASPO meeting (WSCA pays for WSCA states to attend, so that reduces MMCAP's costs)
 - State Contacts attending the annual business meeting
- **MMCAP pays for Minnesota's costs of operating the program**
 - It costs Minnesota no more, or less to participate than any other state

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How was/is it different?

- Historically, state's had purchased drugs through wholesalers
 - It was trying to get some better pricing from wholesalers that originally created MMCAP
- MMCAP started out simply using volume to get better pricing from wholesalers
- In the mid-90's it shifted to contracting directly with manufacturers, from whom MMCAP collected an "admin fee"
- In the late-90's MMCAP collapsed the number of distributors it dealt with, to improve data gathering

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Is MMCAP a "Health-Care GPO"?

- Health-Care GPO's (group purchasing organization) - a created entity common in the health-care industry that combines facility volumes to get better pricing by controlling and concentrating spend
- MMCAP is probably "like a GPO" for purposes of compliance with certain federal requirements, but not "like a traditional health-care GPO" in other ways
 - Some useful and critical differences, but also has some short comings

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Health-Care GPO Model

- GPO issues contracts as a single entity
- Ordering and money move from facilities through the GPO to the distributors or manufacturers
- Some GPO's control what drugs a facility can buy (formulary or PDL)
- Some GPO's require exclusivity - CAN ONLY belong to one GPO
- GPO's collect fees from members for participation and also collect fees from manufacturers and distributors

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MMCAP Model

- Mn issues a solicitation, valid under Mn statutes and based on Mn standards, in the name of MMCAP
- Eligible facilities order off the contracts, based on the joint powers agreement that created MMCAP - no money moves between MMCAP and the manufacturers, it moves between the facilities and the distributors
- Facilities order from distributors, any of the 7,600 + lines of drugs on contract, or in many cases other things the distributors offer
- Facilities permitted to participate in as many different groups (cooperatives, GPO's, whatever) as they need

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Shortcomings

- Legal status - a creature of Minnesota state government, limited by what state government can, and cannot, do
- Financial status - because of its legal status, it cannot make a profit, it is structured to recover the cost of operation
- Corporate status - it has none, it is simply a creature of the joint powers agreements that created it

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Advantages

- MMCAP's administrative, human resource and infrastructure costs are simply a "part of" a larger operation, at considerable savings to the operation
- MMCAP's actions, as long as they comply with Minnesota statutory requirements, are protected by the same procedural protections that apply to any Minnesota state government action
- **MMCAP is a governmental entity** - can be an option for facilities by simple choice, since MMCAP contracts have the same standing as contracts of the facilities owning/enabling state

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Cost of Operations

- Originally, MMCAP was simply a part of the ongoing operations of MMD - Minnesota paid for the cost, because we were getting savings from the better pricing
- By the mid-90's, the "fees" began to pay for the cost of operating the program
- As membership grew, we began to collect more than it cost to operate the program
 - The option of annually adjusting the admin fee to keep it neutral was considered and determined to be a real potential source of confusion
- The "excess of fees over costs" is the result of actions by individual facilities, not a single state. So, we created the process of "crediting" the excess back to facilities, which so far has worked

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Who Pays - What?

- Admin fee was originally set at 1.5% in order to keep prices for the actual drugs as low as possible
 - Since other GPO's get a higher percentage it was felt that keeping it low would improve pricing
 - Lowering the admin fee a few years ago DID NOT result in any shift in pricing but did impact facilities, they got less credit
- Credit seen as an incentive to encourage "on contract" buying whenever possible

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Who Pays - Why?

- Presented to manufacturers as a way to encourage facilities to participate (and then provide manufacturers with broader opportunities to have drugs purchased) - we charged facilities NOTHING to participate
- A single contract, instead of potentially several thousand individual contracts, is much more efficient for them
- At 1.5% or 2%, not a burden

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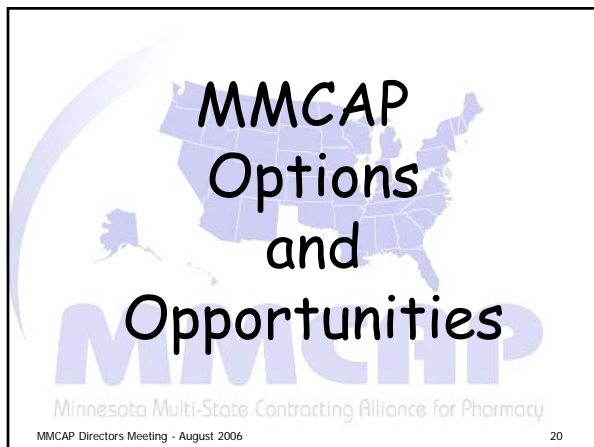


Questions ?

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MMCAP
Options
and
Opportunities

MMCAP

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2006 - Operating Environment

- Some shifts that were subtle in the past few years, seemed to have blossomed
- "Political" decisions, not related to operational costs for facilities or benefits to clients.
- Focused on local political and/or constituent pressures.
- No attempt to competitively solicit options.

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Questions for the group:
1 - Board of Visitors

- 6 state directors to participate in the annual business meeting, interact with MMCAP and state contacts and report back to the directors at this meeting
- Ken Paulsen already participates in the Advisory Panel, elected at the annual business meeting, and, Chris Howe has routinely participated in our annual meetings, (if they are OK) we need 4 more
- Need to be available Jan 30 - Feb 2, 2007, Jan 29 - Feb 1, 2008 and Jan 27 to Jan 30, 2009 for annual business meetings
- Propose a 3 year term, beginning with the 2007 MMCAP meeting, so up again in 2009 for 2010

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Questions for the group:
2 - Volume, pricing and where next

- Do we create "tiered pricing" - probably aimed at larger facilities - if "you" bring volume to the table?
- Do we "offer" an option for a more centralized ordering/management of drugs system that would allow the creation and enforcement of a Preferred Drug List (PDL) and focus purchases on specific drugs? Could cost \$3 million - with potential for cost recovery in about 6 or 8 years

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Questions for the group:
3 - Admin Fees and Credits

- we have not created an "accounts receivable" approach to admin fees
- been concerned about the perception of an open AR which creates a lot of tension and legal issues
- focused on getting access to the drugs facilities require - sort of open, if you want to pay us, fine - thank you - if you do not want to pay us, that is your option
- we do give evaluation preference to companies that pay admin fees

[It is interesting that facilities actually spend money on the drugs. And, we do not get questions from the facility auditors about the admin fees. The issue they have is PRICE and eAudit Solutions is in place to assist facilities in addressing those issues.]

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Questions for the group:

3 - Admin Fees and Credits

- we are planning to, with your concurrence, create a "memo" to manufacturers that "this is what our data says you owe us" on a quarterly or monthly basis
- may help us identify data errors from both distributors and manufacturers
- may trigger a response
- will give us a measure of what is actually outstanding
- permits us to polish our evaluation of awards
- NOT a threat, just a memo

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Questions for the group:

4 - 340B and "getting at federal pricing"

- 340B program is very good drug pricing (almost the best anyone can get). It has several very tight participation rules
- program (not facility) must be a recipient of specific federal funds (or in a really complex situation, "look like a program that might get specific federal funds)
- cannot be used for "in-patient" drugs
- "patient" (individual being served) MUST be a patient of the federally funded program.

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340B Patient Definition Requirements:

- "A covered entity shall not resell or otherwise transfer the [340b-discounted] drug to a person who is not a patient of the entity." Public Health Service Act § 340B(a)(5)(B)
- HRSA (Health Resources and Services Administration, DHHS - federal bureau that oversees the program) has established a test for evaluating whether an individual falls within the definition of a "patient." 61 Fed. Reg. 55, 156 (10/24/96)
- An individual is not a "patient" if the only service received from the covered entity is the dispensing of a drug or drugs for subsequent self-administration or administration in the home setting. 61 Fed. Reg. 55, 156 (10/24/96)

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HRSA's Patient Definition Test:

- The hospital [entity] has established a relationship with the individual, such that the hospital [entity] maintains records of the individual's health care; **and**
- The individual receives health care services from a health care professional who is either employed by the hospital [entity] or provides health care under contractual or other arrangements (e.g. referral for consultation) such that the responsibility for the care provided remains with the hospital [entity]; **and**
- The individual receives health care or range of services from the covered entity which is consistent with the service or range of services for which grant funding or federally-qualified health center look-alike status has been provided to the entity

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What is an insufficient patient relationship?

- services that are only pharmacy-related
- absence of professional involvement
- single encounters
- services that don't involve direct interaction with patients, e.g. chart reviews, telephone interviews, etc.
- services that fall outside the scope of the grant or, for DSH hospitals, are not reimbursable on the cost report
- duplicative or superficial services

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- So, a state correctional facility could contract directly with an eligible federal program recipient for providing "medical care" to its inmates, which would then include pharmacy services.
- Under some circumstances, the federal program may "contract" with another entity to provide services, but there are very specific rules and tests (see above). And, diversion is a big and real concern and manufacturers are very careful with these situations.
- In actual practice, the federal program would probably have to be a DSH (disproportionate share hospital), because they provide a full range of medical services. But, remember, in-patient drugs are NOT covered, so the relationship would have to apply ONLY to out-patient care.
- Would it save on drug costs, undoubtedly. Would it save on overall "medical costs" that is not clear. That balance would be a challenge to document but essential to reaching a reasoned decision.

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Questions for the group:

4 - 340B and "getting at federal pricing"

- the "spread" of potential savings is from paying only 74% of the street value of a drug down to paying on 51% of the street value of a drug
- without competition, however, the opportunity may only end up being a 72% result (still a savings, but not a 53% result) - the opportunity is for the provider of contracted services to cover other costs with the contract, not JUST the cost of drugs
- there are several current issues to complicate the opportunity
 - the 1 to 1 requirement, only 1 pharmacy for each physical site a program operates (whether in-house or contracted), so you are limited to the program's officially registered sites
 - "the 340B price" is a federally protected CONFIDENTIAL piece of data, so it is not easy for a facility to actually get confirmation that the price they paid was correct. In theory they can make individual requests of the HRSA office that monitors the program, but the answer is only Yes or No

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Who is buying what?

\$ may not tell the truth

Drug	\$ per MG	Avg Dose	Per Year	1,000 Users
Abilify	\$1.02498	\$20.50	\$7,482.35	\$7,482,354.00
Geodon	\$0.10937	\$19.69	\$7,185.66	\$7,185,663.75
Risperdal	\$3.53830	\$28.31	\$10,331.84	\$10,331,836.00
Seroquel	\$0.05752	\$34.51	\$12,596.88	\$12,596,880.00
Zyperxa	\$9.70200	\$194.04	\$70,824.60	\$70,824,600.00

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Who is buying what?

\$ may not tell the truth

Between 1Q04 and 1Q06, here is the shift in use BY PILL not by \$:

Drug	Change in Units Purchased	Users Treated
Abilify	+45%	41,002
Geodon	+32%	42,695
Risperdal	-14%	29,694
Seroquel	+2%	24,355
Zyperxa	-41%	4,332

Facilities spend on this class of drugs last year: \$306,791,111.44

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Your Questions Or Issues



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Agenda for Annual Meeting

<u>Wednesday</u>	<u>Thursday</u>
Welcome & Introductions	Practice Groups
Opening Presentation	Distributor Meetings
Drug Awards	Pedigree Law Presentation
Award Review	Medical Supply Meeting
	CADIE Study
	Business Meeting
	2006 Advisory Panel mtg
Cardinal Distribution Facility Tour (pre-registration required)	
Chanhassen Dinner Theater (pre-registration required)	

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Welcome First Time Participants!

Tom Erickson - Alaska	Harmony MacDonald - Nebraska
Paulette Boothby - Arizona	Sandy Evans - New Hampshire
Michael Veit - Arizona	Jason Wilkie - New York
Brenda McGee - Colorado	John Alsup - Oklahoma
Jim Brewer - Florida	John Weber - Oregon
Carl Chu - Hawaii	Mark Robinson - Pennsylvania
Pearl Smith - Idaho	Martin Ruhlman - Pennsylvania
David Gudal - Indiana	Rita Marcoux - Rhode Island (absent)
Kenneth Paulson - Iowa	Patricia Mayer - South Carolina
Susan Shields - Iowa	Darlene Corron - Tennessee
Adele Wainwright - Louisiana	Kevin Eidson - Tennessee
Lelia Achee - Louisiana	Paula Cronk - Wyoming
Samantha Jones - Maine	

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MMCAP's Mission Statement

Provide value via reduced costs and improved services to its participating states and facilities through voluntary cooperative purchasing of pharmaceuticals and allied products and services.

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What is MMCAP?

Consortium of 43 states and the City of Chicago

5,000+ Participating Facilities

MMCAP Maintains Contracts for:

Pharmaceuticals/Vaccines/OTCs	Distributors
Hospital & Medical Supplies	Drug Testing
Influenza Vaccine	Vials/Containers
Returned Goods Processing	Prescription Filling
Facility Invoice Audit Processing	Nutritionals

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MMCAP's Membership Eligibility

1. Each state has membership agreement with MMCAP.
2. Facility must have authority to purchase from its state's contracts.
3. Must comply with "own use."

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MMCAP's State Contacts

Each state has 2 representatives

- 1 procurement -- 1 pharmacy

Role:

- Liaison between MMCAP and their facilities
- Review membership applications/determine eligibility
- Review "own use" issues

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MMCAP's Website:

www.mmcap.org

Great Source of Information

- Membership Information
- Member News (including Flu Vaccine News)
- Vendor and RFP Information
- Product Catalog
- MMCAP Staff Contact Information
- MMCAP Directors page - mmcapdirectors (lower case twice)

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MMCAP's Staff

Al Becicka - CPA and Lawyer - Contracts and Negotiations

Barbara Bell - Distributors & Pharmaceutical Manufacturers

Dorothy Johnson - Membership & Contract Processing

Liz Lederle - Data analysis & reporting

Layne Nelson - Medical Supply, Drug Testing, Containers & Vials

Heather Pickett - Lawyer - Contract Negotiations & Drafting, Influenza Vaccine, Prescription Filling Svcs

Rose Jacobs Svitak - Information Systems & Internet

Sara Turnbow, PharmD- Distributors & Pharmaceutical Manufacturers

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MMCAP's Staff (partial/part time)

Partial time commitment:
Sherry Brown, **Business Officer**
[Vacant Intern (UofMn, School of Public Health)],
Research

Project work: updating facility data &
databases

Maggie Schultz, **Student Worker**
[Vacant], **Student Worker**

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MMCAP's Pharmaceutical Distributors

AmerisourceBergen

Alabama Kentucky
Arkansas Michigan
Hawaii Utah
Indiana

7 States

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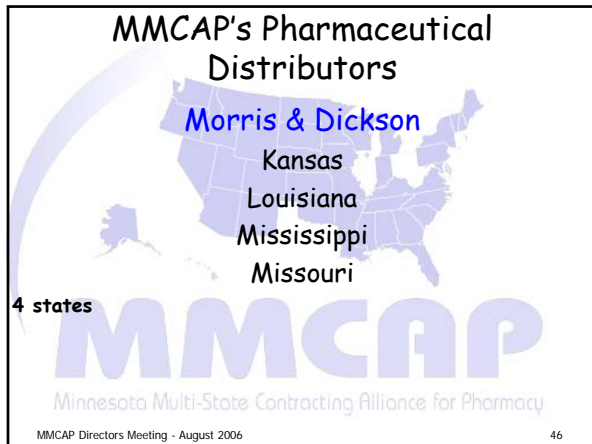
MMCAP's Pharmaceutical Distributors

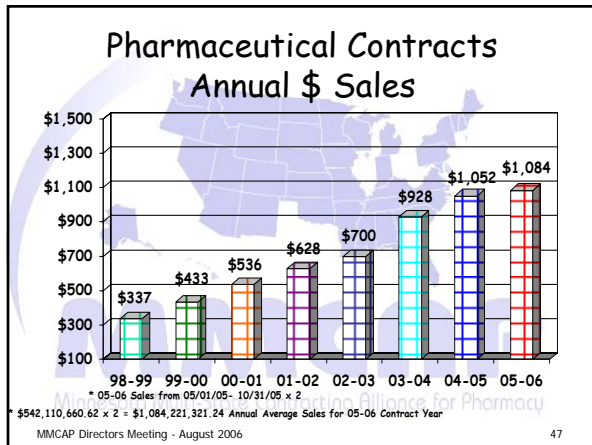
Cardinal Health

Alaska Arizona Colorado Delaware
Florida Georgia Idaho Chicago
Maine Maryland Minnesota Montana
Nebraska Nevada New Hampshire New Mexico
New York North Carolina North Dakota Oklahoma
Oregon Pennsylvania Rhode Island South Carolina
South Dakota Tennessee Vermont Virginia
Washington Wisconsin Wyoming **30 states &
Chicago**

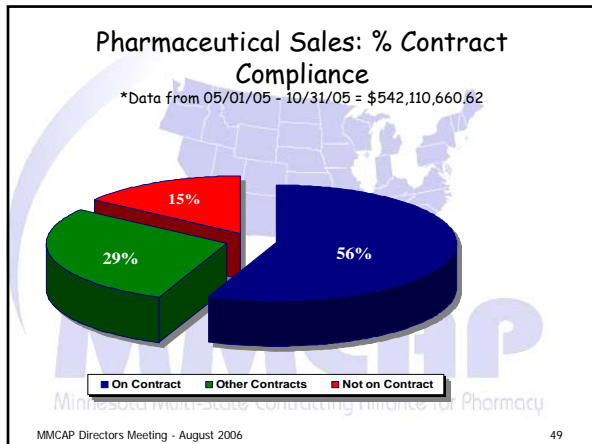
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Pharmaceutical Sales Contract Compliance 2004-2005 *

States with over 90%

Virginia	96.86%	Florida	92.39%
New Mexico	95.13%	Nevada	91.65%
Chicago	93.91%	Wyoming	91.45%
Maine	93.77%	New Hampshire	91.39%
Maryland	93.48%	Oregon	90.58%
Pennsylvania	92.89%	Alaska	90.53%
Arizona	92.67%		

* Combined ON contract and OTHER contract \$s

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Ordering Volume 2004 - 2005

Annual Volume	Facilities	% of Facilities	\$ of Annual Volume	% of Annual Volume
>\$1,000,000.00	259	12.56%	\$884,732,920	84.1391%
>\$500,000.00	115	5.58%	\$85,242,240	8.1066%
>\$100,000.00	250	12.12%	\$62,557,632	5.9493%
>\$50,000.00	95	4.61%	\$6,632,485	0.6308%
>\$25,000.00	157	7.61%	\$5,642,838	0.5366%
>\$10,000.00	235	11.40%	\$3,859,181	0.3670%
>\$1,000.00	661	32.06%	\$2,743,015	0.2609%
>\$100.00	277	13.43%	\$118,701	0.0113%
<\$0	13	0.63%	(\$18,770)	0.0018%
Total	2062	100.00%	\$1,051,512,196	100.00%

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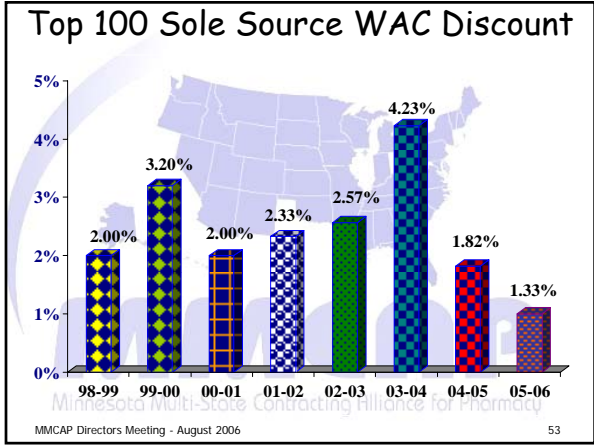
Pharmaceuticals

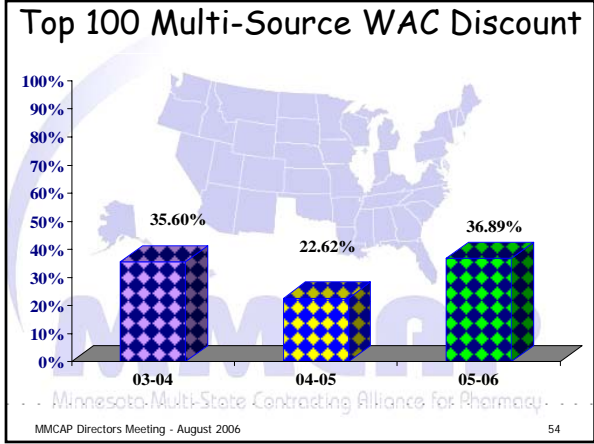
Top \$100 Sole source - Top \$100 Multi-source - Top 200 units volume

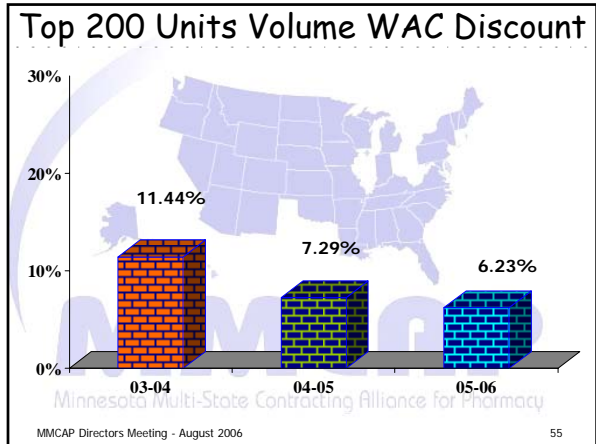
- * Top 100 Sole source = 57.69% of Total Purchases
 - 1.33 % discount from WAC (weighted average)
 - \$8,326,744 savings from WAC
- * Top 100 Multisource = 5.10% of Total Purchases
 - 36.89% discount from WAC (weighted average)
 - \$31,980,483 savings from WAC
- * Top 200 units x volume = 49.89% of Total Purchases
 - 6.23% discount from WAC (weighted average)
 - \$35,583,146 savings from WAC

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*Based on 05/01/05 to 10/31/05 sales x 2

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Reduced Pricing Opportunities

- **AstraZeneca**
 - Formulary Programs
 - Zoladex, Atacand, Nexium, Crestor, Seroquel
 - Market Share Agreements
 - Merrem
- **Eli Lilly**
 - Formulary Programs
 - Zyprexa, Symbyax, and Cymbalta

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Reduced Pricing Opportunities

- **Formulary Programs**
 - **Barr Laboratories**
 - Oral Contraceptives - University Student Health Facilities
 - **Sepracor**
 - Lunesta, Xopenex
 - **Alamo Pharmaceuticals**
 - FazaClo
 - **Upsher-Smith**
 - Fortical

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Reduced Pricing Opportunities

Market Share Agreements

- Ross Nutritional Products
- Wyeth Pharmaceuticals
 - Protonix
- Schering
 - Peg-Intron
- Abbott Labs
 - Ultane
- Upsher-Smith
 - Fortical

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Returned Goods Contract

Guaranteed Returns, Inc.

All-Inclusive 6.9% service fee

Services:

- Disposes of all your pharmaceutical waste
- Tracks Waste
- Prepares DEA 222 & 41 forms
- Documents outdated items returned for credit
- NEW - Online distributor credit tracking

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Influenza Vaccine Contract

2006-2007 - Contracts Awarded to:

- ASD Healthcare -- Chiron and IDB
- McKesson -- IDB
- FFF Enterprises -- Chiron
- Sanofi Pasteur - own product

Prebooking begins January 31 at noon Eastern Time

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Prescription Filling Services

- Issued RFP 3 times
 - Received 8 proposals - accepted 6
 - States to select vendor - info on web page
 - Contract with Diamond Pharmacy Services
 - Negotiating with 340B vendor
 - Issue again in February 2006
 - Target facilities without pharmacies
- Not at MMCAP pricing, but at reduced pricing

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University Health Services Oral Contraceptives Program

- Goal - \$10 a cycle (hit the roof after it went off patient)
- Exclusive contract with Barr Laboratories
 - 22 AB-rated branded-generics (e.g., Sprintec AB-rated to Ortho-Cyclen) plus Seasonal
 - \$13.50-\$14.83 per cycle (regular MMCAP prices range from \$17.50-\$46.77 per cycle)
 - Contract expires April 30, 2006
- RFP will be issued February 2006

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University Health Services Oral Contraceptives Program

- 105 MMCAP members enrolled - 352 estimated as eligible
 - Reasons for low enrollment
 - Access to lower pricing through other mechanisms (Title X, etc.)
 - Some colleges may not provide student health services
 - Universities may use MMCAP contracts for purposes other than student health (e.g., research, training, etc.)
- Enrolled facilities listed on MMCAP's website
- Please help enroll eligible members!

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University Health Services Oral Contraceptives Program

- Update as of 1 August 2006
- 112 MMCAP members enrolled - up 7
- Updated contract pricing:
 - **\$6.70** to \$15.82 per cycle (regular MMCAP pricing ranges from \$17.80 to \$51.40 per cycle - \$6.70 is available on a limited basis to other MMCAP facilities)
 - \$6.70 is probably an anomaly, but \$10-\$12 is sustainable
- **Contract expires April 30, 2008**

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New Contracts

- **Invoice Auditing Software Program**
 - Purpose: Assist with real-time invoice auditing
 - Vendor: **eAudit Solutions** (sole-source for invoices dated 30 days or less)
 - Invoices compared to MMCAP contract file
 - Effective date: January 23, 2006
 - 150 invoices/month = \$100/month
 - 75 invoices/month = \$50/month
- **New pricing alternative offered in July, 2006**
- See website for details

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New Contracts

- **Automated Online Patient Assistance Program**
 - Purpose: Assist in recovering the cost of medications used to treat indigent or uninsured patients
 - Recently received 6 proposals
 - Target date for awarding contract is February 2006

Evaluation of responses by Advisory Panel members has just ended, award expected shortly

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New Contracts

- **Automated Dispensing Machines/Bar Coding**
 - Purpose: Assist in improving the accuracy and timeliness of distributive functions
 - RFP is being drafted
 - Have volunteers to draft/review RFP
 - Target date for issuing RFP is March 2006

Postponed because of lack of interest and support from facilities

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New Contracts

- **Baxter Bioscience - DIRECT CONTRACT**
 - Antihemophilic Factors (recombinant and human)
 - Biosurgery products
 - Tisseel
 - FloSeal
 - CoSeal
 - WinRho
 - WinRho is the only product that can be ordered through Baxter (direct) AND through distributors (indirect)

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In the News...

- **Medicare Part D**
 - Definition of Long Term Care (LTC) pharmacy
 - CMS - "skilled nursing facilities (SNFs) and any medical institution or nursing facility for which payment is made for institutionalized individuals under Medicaid, including intermediate care facilities for the mentally retarded (ICFs/MR) and inpatient psychiatric hospitals..."
 - Why is this important?
 - CMS - "will continue to review situation, but has serious concerns that access/performance rebates can increase program and beneficiary costs"
 - Signed amendment with Eli Lilly excluding LTC pharmacies from Zyprexa market share program - likely that more will follow
 - AstraZeneca did not renew their Seroquel LTC Incentive Program and instead will likely be offering an upfront discount

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In the News...

- **Pharmaceutical Product Pedigrees**
- How will this affect MMCAP?
 - Vendors who are not manufacturers will be affected
 - Distributors are developing preliminary lists of vendors whose products they will not stock and/or vendors they will require pedigrees from:
 - Richmond, American Health Packaging, McKesson Packaging, Medique, and Precision Dose
 - **These must be dual awarded**

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In the News...

- **H5N1 Avian Influenza**
 - MN summit with HHS Secretary Mike Leavitt
 - Stressed that a pandemic would need to be managed at the state and local levels
 - Stressed PERSONAL responsibility
 - State and individual planning checklists available at:
 - www.pandemicflu.gov
 - www.ready.gov
- **MMCAP's role?**
 - Unclear but not likely to be directly involved
 - Feds intend to directly manage the situation

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In the News...

- **MMCAP Membership Update**
 - Membership Application
 - Membership Agreement
 - Includes specific statutory authority required to purchase from state contracts
 - Each facility will need to complete forms
 - In progress - 25% completed

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Hospital & Medical Supplies

- 2005 Medical Supplies sales \$12.1 Million
- \$4,736,100. McKesson Serving 32 states
 - Admin fee paid \$23,680.49
- \$7,382,866. Physicians Sales & Service - 28 States
 - Admin fee paid \$36,915 Estimated
- Contracts will be extended thru March 2007
- 2 years remaining after this extension

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Urinalysis Testing Systems Drug of Abuse

- 2005 Drug Test Total Sales over \$2.3 million
- \$1,614,482 **American Bio Medica Corp** - 20 states
- \$ 421,360 **Medtox** - 5 states
- \$ 267,940 **Varian** - 21 states
- Approximately \$920 thousand in savings with average 40% GSA discount over retail prices.
- New vendors: **Branan Medical, Compliance Core and Phamatech** currently show no sales data
- States utilize multiple vendors to meet their needs.
- Used by correctional and law enforcement at many levels

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RX Vials & Containers

KERR

- Manufacturer of Vials, Bottles, Ointment Jars & Dropper Bottles has offered to extend the pricing for another year with ZERO increase.
- Contract will be renewed through April 30, 2007
- 50% discount off WAC

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Pharmaceutical RFP Award Process

Selection Process:

Meet in groups to make decisions on section of ranking report

- Select items based on fixed pricing & lowest cost
- May award by family
- Special facility considerations (e.g., alcohol free, sugar free, metal versus plastic, etc.)

- **Bids submitted electronically online**

- **Award process will be online**

- RFP bid (blue) books available on MMCAP flash drives as PDF file

- **Proposal scores based on price (90%) and fixed pricing (10%)**

- 10% has been automatically calculated (CalcBid)
- Products have been ranked (#1, #2, etc.) by CalcBid

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Some things that go bump in the night

- **What do you (we- the "state") save?**

- Only **YOU** (at the facility level in most cases) can tell - MMCAP cannot answer that question

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What can you save?

(A very different question)

1. Depends on where you start.

- ✓ Price

- ✓ Retail
- ✓ Average Wholesale Price
- ✓ Wholesale Acquisition Cost
- ✓ MMCAP Price

- ✓ Drug

- ✓ Proprietary
- ✓ Generic

- ✓ Type

- ✓ Acute/treatment - 3 pills x each day x 30 days
- ✓ Maintenance - 2 pills x each day x 365 days x 10 years

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What can you save?

(A very different question)

2. How much do you spend
3. Drug by drug comparison
4. Your slice - your unique mixture of drugs and treatments

An example: Multi-State Contracting Alliance for Pharmacy

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This comparison is based on 7 drugs

Generic	AWP to Retail	AWP to WAC	WAC to MMCAP
	-12.46%	-94.24%	-1151.27%
Proprietary	AWP to WAC	WAC to MMCAP	
	-25%	-2.29%	

Prices as of 03/01/2005 for 7 drugs

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This comparison is ONLY for generic drugs

This comparison's pricing is based on 100 patients for 1 year

MMCAP Annual Expenditure/Price Level	\$100,000	\$250,000	\$500,000	\$750,000	\$1,000,000
Expenditure per Patient per Year	\$1,000	\$2,500	\$5,000	\$7,500	\$10,000
Retail	\$2,733,303	\$6,833,258	\$13,666,515	\$20,499,773	\$27,333,030
AWP	\$2,430,467	\$6,076,167	\$12,152,334	\$18,228,501	\$24,304,668
WAC	\$1,251,270	\$3,128,175	\$6,256,350	\$9,384,525	\$12,512,700
MMCAP	\$100,000	\$250,000	\$500,000	\$750,000	\$1,000,000

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