



# President's Report to the Board of Directors

Monday, September 28, 2020

## Advocacy and Health Policy

- Ongoing advocacy needed to support health center funding and Covid relief
- State budget at \$5 million
- Health centers excluded from state Covid funding
- **Continued focus on 340B**

## Consulting Activities

- 340B Coalition Winter Conference planning underway
- Currently retained by the Connecticut and Texas PCAs to serve as 340B SME
- Appointed to Connecticut State Commission on Affordable Insulin

## External Partnerships and Affiliations

- NACHC Board of Directors
  - Organizational assessment pending
  - Task force on racial justice
- All other activities ongoing

## Leave Time:

- Labor Day Holiday
- No other leave taken during September

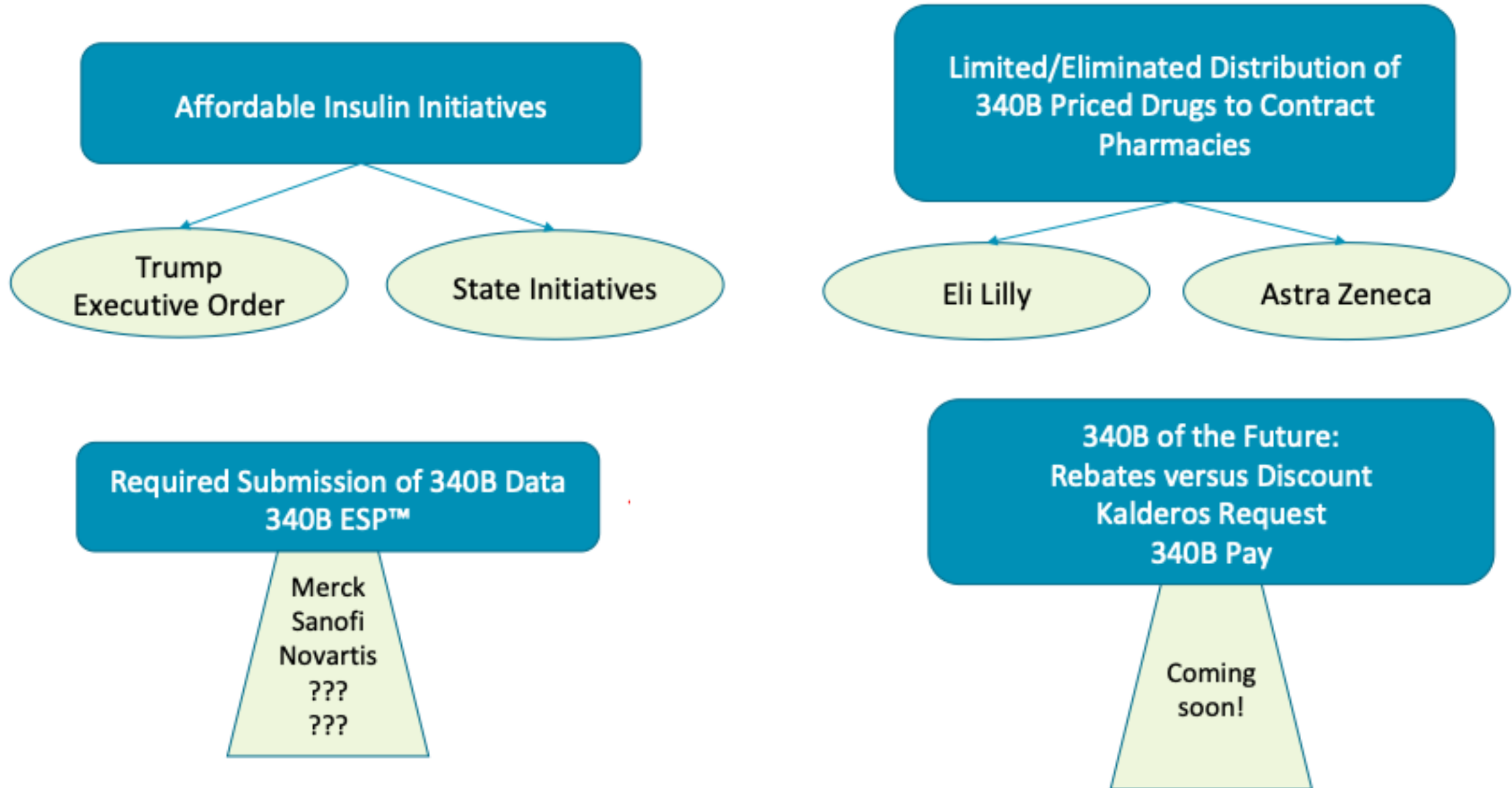
## Strategic and Operational Updates

- Covid 19 Response updates
- Pediatrics: strategic planning initiated in preparation for TCC redesign
- 3/5 leadership appraisals complete

# Latest Developments Threats and Challenges for Health Center 340B Pharmacy Programs

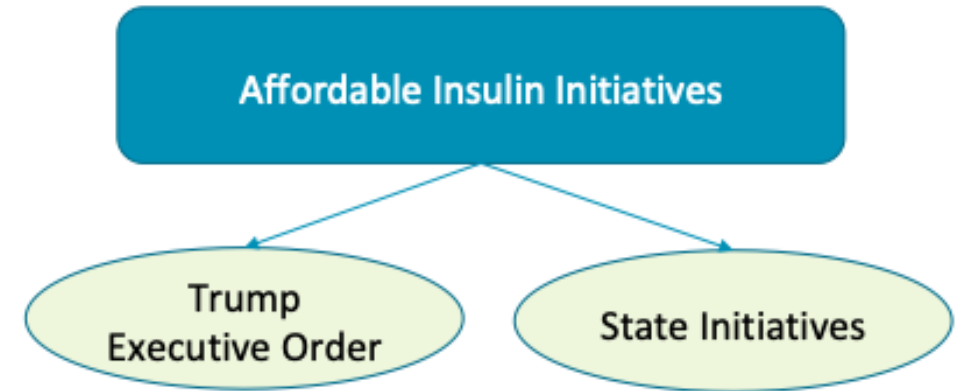
September 2020 Meeting  
CHC Board of Directors

# The 4 Pronged Assault:



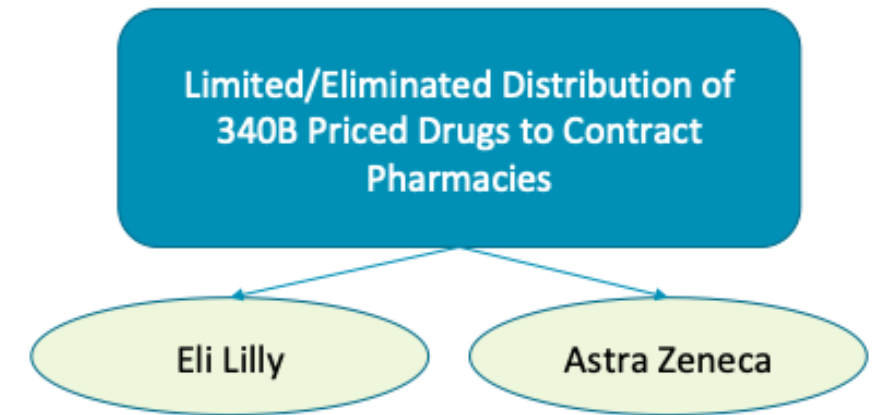
# New developments

- Last week: publication of Interim Final Rule was imminent
- Monday, September 20<sup>th</sup> OMB suddenly cancelled all meetings scheduled to get input on this issue
  - In effect immediately upon publication
- Wednesday, September 23<sup>rd</sup> OMB shifts to a Proposed Rule (aka NPRM)
  - HHS proposal with opportunity for public comment
- Thursday, September 24<sup>th</sup> OMB posted a Notice of Proposed Rulemaking (NPRM) implementing the Executive Order
  - Comments likely due by October 26<sup>th</sup>
- We were heard!



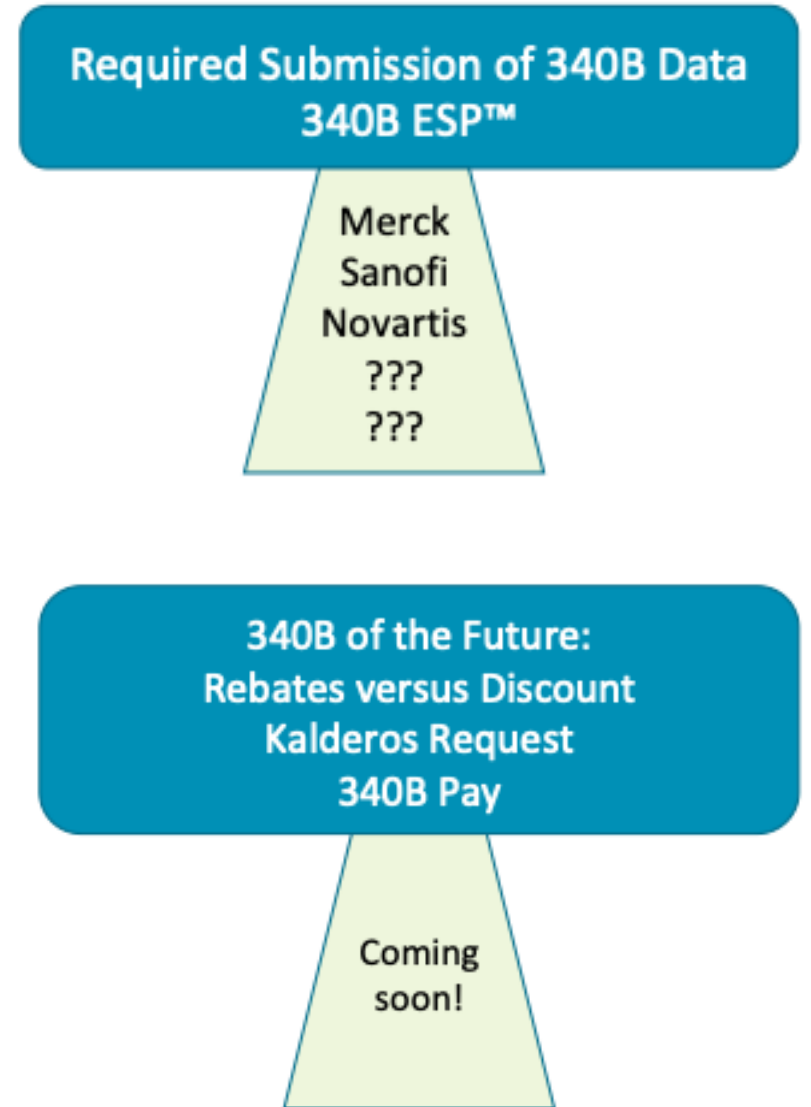
# New developments

- Last week: Eli Lilly contract pharmacy restrictions in effect and waiting for the other dominos to fall
- Tuesday, September 21<sup>st</sup> General Counsel for HHS issues letter to Eli Lilly
  - Presumptive
  - Insensitive and rapacious
  - Incorrect about FOIA protection
  - Potential consequence of knowingly violating a material condition of the program
- Not a definitive statement that Lilly's actions to be illegal, but a "shot across the bow" that may have acted as a warning to those manufacturers waiting in the wings.
- AstraZeneca is holding firm
- Breaking yesterday: Novartis announced it is "pausing" its plan to require data submission in order to receive 340B priced drugs at contract pharmacies
- Last minute intel: AstraZeneca, Sanofi

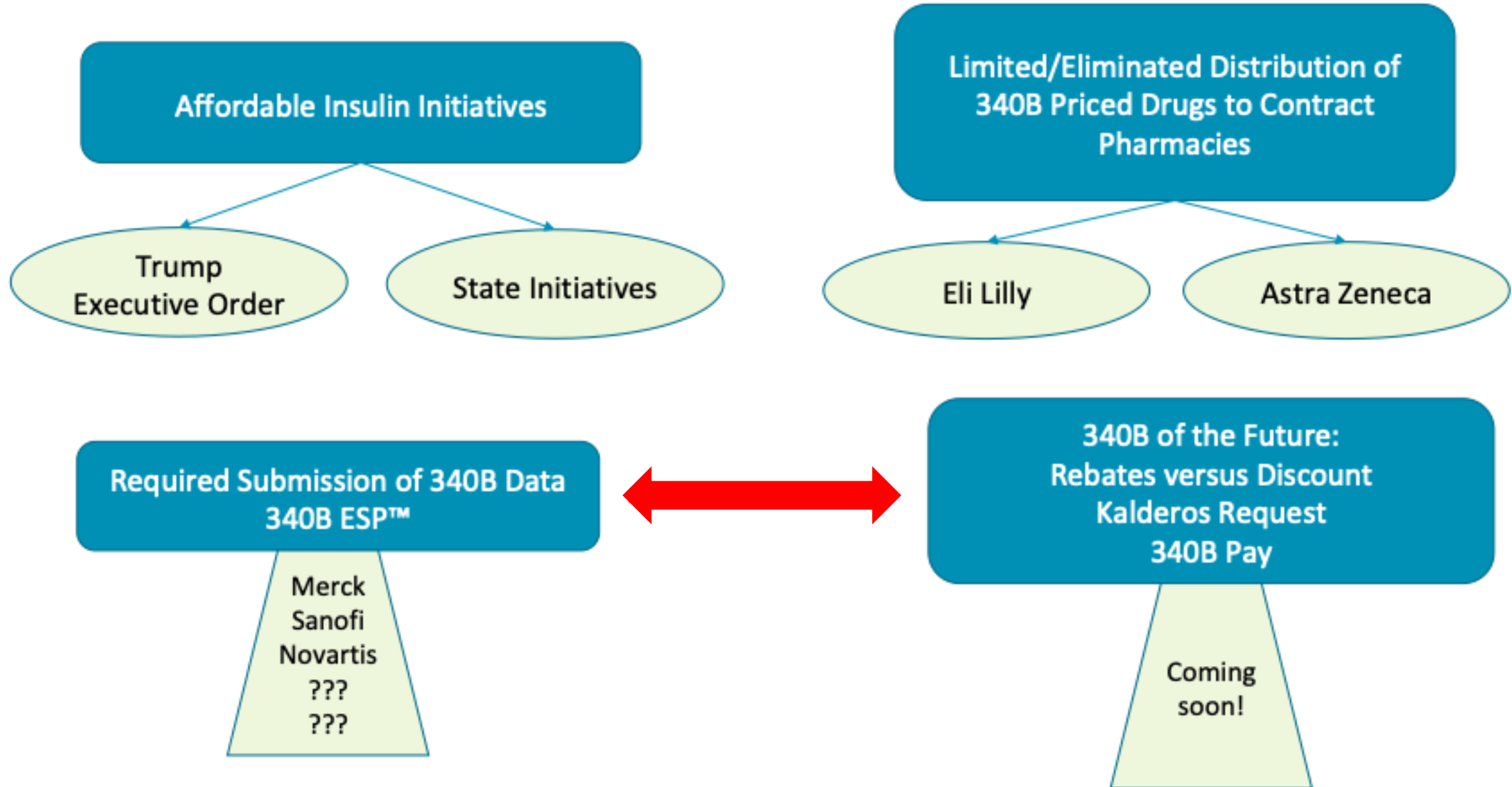


# New developments

- Breaking yesterday: Novartis announced it is “pausing” its plan to require data submission in order to receive 340B priced drugs at contract pharmacies
- Last minute intel:
  - Only 6.6% of the 7,500 entities contracted by Merck have registered on 340B ESP and only 0.4% have initiated data sharing
  - Sanofi is holding firm on their October 1<sup>st</sup> deadline
- Expected announcement from Kalderos still pending



# The 4 Pronged Assault:





WORST CASE  
SCENARIO



Elimination of Contract  
Pharmacy Model

Loss of all savings on Medicare  
and commercial 3<sup>rd</sup> party  
covered prescriptions

Statutory protection from  
discriminatory reimbursement

At the heart of the  
issue:  
**CRITICAL MASS**

So the question  
becomes: sign-up  
or wait and see if  
the rest of the  
manufacturers  
press pause?



# Response Strategies Underway:

- Administrative
- Legislative “fix”
- Legal Action
- Adaptation
- Contingency Planning



	A	B	C	D	E	F	G	H	I
1	Contract Pharmacy	Manufacturer	Drug	NDC	# Patients Filled	# Prescriptions Filled	340B COGS	Retail COGS	Revenue from NDC
4			Cialis 20 mg	00002-4464-30					
5			Basaglar	00002-7715-59					
6			Humalog 75/25 Kwikpen	00002-8797-59					
7			Humalog 75/25 Vial	00002-7511-01					
8			Humalog Vial	00002-7510-01					
9			Humalog Kwikpen	00002-8799-59					
10			Jardiance 10 mg	00597-0152-30					
11			Jardiance 25 mg	00597-0153-30					
12			Tradjenta 5 mg	00597-0140-30					
13			Trulicity 0.75/0.5	00002-1433-80					
14			Trulicity 1.5/0.5	00002-1434-80					
15									
16		<b>Gilead</b>	Truvada	61958-0701-01					
17			Biktarvy	61958-2501-01					
18			Descovy	61958-2002-01					
19			Epclusa	61958-2201-01					
20			Harvoni 45/200	61958-1803-01					
21			Harvoni 90/400	61958-1801-01					
22			Hepsera	61958-0501-10					
23									
24		<b>Novartis</b>	Ciprodex	00065-8533-02					
25			Entresto 49/51	00078-0777-20					
26			Entresto 97/103	00078-0696-20					
27			llevro	00065-1750-14					
28									
29		<b>AstraZeneca</b>	Symbicort 160/4.5	00186-0370-20					
30			Smybicort 80/4.5	00186-0372-20					
31			Pulmicort 90	00186-0917-06					



- Compile the data to evaluate the impact
  - Patient impact
  - Financial/service impact
  - Remember the price tag argument?
- Consider changes in prescribing patterns
  - Brief your providers
  - Switch patients as possible to drugs that are affordable AND accessible
  - Consider standing orders and automatic substitutions
- In the case of no in-house pharmacy:
  - Select single contract pharmacy options strategically
  - Evaluate feasibility of launching an **entity owned\*** pharmacy
- If you have in-house/entity owned pharmacy:
  - Develop strategies for increasing in-house capture rate
  - Consider delivery options to expand your pharmacy's reach
- Contingency planning
  - Have a clear understanding of the services and programs supported by your pharmacy contribution margin
  - Identify alternate sources of funding and/or necessary operational adjustments

## Considerations for Adaptation and Contingency Planning