



News from:
COMPTROLLER KEVIN LEMBO

FOR IMMEDIATE RELEASE

MONDAY, MARCH 5, 2018

Contact: Tara Downes
631-834-5234
Tara.Downes@ct.gov

**COMPTROLLER LEMBO QUESTIONS RELATIONSHIPS
BETWEEN STATE'S PBM AND DRUGMAKERS**

Comptroller Kevin Lembo today released a letter to CVS Health – the state's pharmacy benefit manager (PBM) – that questions whether the company's financial interests motivate decisions to include certain pharmaceuticals on its approved drug list over the interests of those patients covered by the state health plan.

After discovering disturbing trends in the state's claims data late last year related to prescriptions of Horizon Pharma pharmaceutical products, Lembo immediately worked with the state Health Care Cost Containment Committee to stop any medically unnecessary prescriptions of certain Horizon Pharma drugs.

Horizon Pharma specializes in drugs that combine the active ingredients of commonly used affordable over-the-counter drugs (for example ibuprofen and Pepcid AC) that are regularly prescribed together – and then charges over 7,000% more than what those drugs typically cost when purchased individually.

Lembo previously raised concerns about Horizon Pharma's relationships with certain prescribers and pharmacies – and has now requested information and a meeting with CVS Health related to any agreement it may have with Horizon Pharma.

"I understand from published reports that CVS Health, like other PBMs, previously notified Horizon Pharma that it would remove certain Horizon products from its formulary – and place them on an exclusion list," Lembo said in his letter. "If these reports are true, it would be helpful to understand what motivated CVS Health's decision to ultimately restore these products to its formulary.

“Are formulary placement decisions motivated by the interest of plan sponsors and patients – or financial benefits to PBMs and drug manufacturers?” Lembo said. “In light of these questions and concerns, I would like to request a meeting with CVS Health to discuss the Horizon Pharma case and – more broadly – how we can assure that the interests of the State of Connecticut and the patients it serves are aligned with those of CVS Health.”

In his letter, Lembo also noted that “Horizon Pharma’s practices leverage the many perverse incentives imbedded in the pharmaceutical supply chain and regulatory framework. They are using the FDA approval process to establish patents, not on new innovative drugs that treat previously unmet needs, but rather to gain exclusive rights to market generic combinations that have been off patent for decades. Horizon is then setting the list price of these combo drugs at astronomical prices, thousands for a month’s supply.

“The extraordinary list prices allow Horizon to offer pharmacy benefit managers like CVS Health huge rebates in order to get their drugs included on formularies that influence physician prescribing decisions. The large rebates benefit the PBM by 1) allowing them to more easily meet their rebate guarantees with plan sponsors and 2) by increasing overall revenue to the PBM, from the manufacturer.

“Horizon’s activities have been hugely profitable, netting them more than \$250 million annually from these drugs. However, while enormous benefits flow to Horizon and the PBMs that choose to carry their products, employers and patients are feeling the financial crush. The state employee plan alone spent more than \$12 million dollars on Horizon drugs over a recent 12-month period, and while the rebates on the drug lowered the plan’s costs, the reductions failed to adequately justify the enormous price differential between the Horizon drugs and their generic alternatives. The increased costs to plan sponsors like the state eventually result in increased premiums for all.

“Business practices like those used by Horizon are driving up overall health care spending without adding value to the system. As a plan sponsor we depend on our pharmacy benefit manager to act as a bulwark against abusive manufacturer pricing and bring down total pharmacy costs. I have significant concerns about the fact that spiking costs to the state plan associated with Horizon Pharma products were only discovered by a review initiated by the state and its consultants – and not brought to our attention by CVS Health.”

*****END*****