



Health Care Compass

Convention Issue | August 2003



AFSCME Local 11

JHCC Members Union members

- Pat Castro—OCSEA
- Jean Fightmaster-OCSEA
- Tim Jones—OCSEA
- Jim LaRocca—OCSEA
- Eddie Parks—OCSEA
- Marty Bard—CWA
- Joel Barden—FOP
- Barb Montgomery—1199
- Jim Roberts—OSTA
- Bobbi Winkle—SCOPE
- Marianne Steger -
Labor Co-Chair (OCSEA)

Drug companies reap huge profits in 2001

Spend twice as much on marketing/admin than on research

In 2001 nine drug manufacturers spent a total of \$45.4 billion on marketing and administration compared to only \$19.1 billion spent on research and development.

Further, the nine drug companies reported some \$30.6 billion in profit during the same period.
Source: Families USA

JHCC pushes state into Multi-State Drug Purchasing Coalition

For years, the JHCC has urged the state to join with other states as it purchases health care as a way to further save money. Well if all goes well, that is about to happen for the employees enrolled in the Ohio Med PPO.

On July 30th the JHCC recommended to the Director of DAS that the state join the RX Issuing States (RXIS) multi-state drug purchasing coalition for the 42,000 Ohio Med PPO enrollees. In September the state will seek approval from the Controlling Board to join the coalition. This

move will save more than \$13 million dollars over the next 3 years.

The cost of drugs has continued to increase dramatically over the past years, so this an important area to work to keep costs down. Currently, the state spends about 25% of its health care dollars on drugs. This figure is up from 3% in the mid 80's.

The JHCC recommended this move not only because it will save money, which

will reduce future premium increases, but this new contracting arrangement will also allow us to better monitor how drugs are priced.

Currently the entire U.S. drug pricing system is a huge shell game. In fact the drug pricing schemes used by Pharmacy Benefits Managers (PBM)—like Medco—is the subject of numerous lawsuits around the country, including one by AFSCME in California.

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New members bring wealth of experience to the JHCC

With the new benefit year upon us, there are some new OCSEA faces on the Joint Health Care Committee. New to the union team are Jean Fightmaster, a 25-year member from the Bureau of Workers' Compensation, Jim LaRocca, an 18-year member from the Lottery Commission in Cleveland and Tim Jones, an 18-year member from DR&C, North Central Correctional Institution in Marion. These new members join

veteran JHCC members, Eddie Parks from PUCO and Pat Castro from ODJFS.



WELCOME to the new union members to the JHCC!

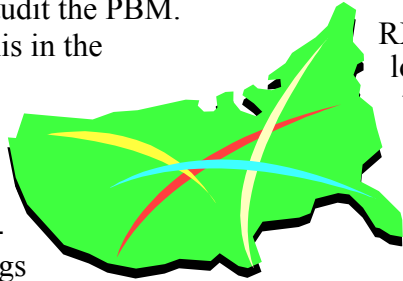
Two new members on the management side, Errol Douglas, DR&C and Robyn Colby,

ODFJS, will bring important insight into the prescription drug plans utilized by ODJFS (Medicaid) and DR&C (inmate population).

The JHCC has long wanted to work with the state in reducing its health care costs in Medicaid and make sure the state is using the most cost effective ways to secure prescription drugs for inmates. Both of these measures saves money in the overall state budget.

Multi-State drug coalition... continued from page 1

The RXIS agreement allows us to pool resources with the other states to actually audit the PBM. No one is doing this in the country currently. And the new PBM has agreed to reveal more about what it actually spends on drugs than Medco (our cur-



rent PBM with Ohio Med) or other PBMs are willing to reveal.

If we do go with RXIS, Medco will no longer be the PBM for the Ohio Med PPO, it would be Express Scripts—also called ESI.

The JHCC has secured agreement with the state that we

will keep the same formulary as the one with Medco if we move to ESI until the next benefit year so people don't have to go through so many changes at once.

The JHCC has also examined ESI's network to make sure it matches ours so many folks don't have to switch retail pharmacies. The match is near perfect. Employees' drug co-pays will also remain the same.

AFSCME files suit against the nation's top Pharmacy Benefit Managers

Alleging that the nation's largest Pharmacy Benefit Managers (PBMs) are not looking out for their clients' best interest, AFSCME has filed a California lawsuit against the top 4 PBMs in the country.

The suit alleges that PBMs routinely engage in "unfair and deceptive acts and practices that do not benefit employers and/or consumers but instead line the pockets of the PBMs and increase health care costs."

PBMs are hired by employers to secure prescription drugs for their employees. The hope is by using a PBM, which purchases drugs in extremely large quantities, that drugs will be secured at the lowest possible price. In reality, while PBMs do save their clients money, they also pocket *a lot* of money in the process.

Through a complicated scheme of concealing what they pay for the drugs and what they receive in manufacturers' rebates for promoting certain drugs, PBMs make much more money than their efforts

would suggest they deserve.

If AFSCME's lawsuit prevails it will clearly rock the world of PBMs and mean lower drug prices for employers and their employees. A similar lawsuit in NY settled with some of the PBMs for \$42.5 million. Experts and some of the plaintiffs feel this settlement was extremely low.

PBMs changing business already

In the wake of the AFSCME lawsuit and a whistleblower lawsuit filed by former employees against Medco, some PBMs are already changing their business practices. Express Scripts Inc (ESI)—likely the new PBM for most state of Ohio employees —has already begun to reveal to some customers what it pays for drugs on the retail side. It has also agreed to auditing by some of its customers.

(See article on page 1.)

The AFSCME lawsuit also alleges that PBMs unfairly promote drugs that give the PBM the most rebates, regardless of the cost to the employer. Medco, formerly owned by drug manufacturer Merck, is alleged in the suit to promote more expensive Merck drugs over equally effective less costly drugs made by other manufacturers. While Medco is now legally separate from Merck a contractual agreement in place until 2007 will insure that the PBM Medco will continue to push Merck drugs. The arrangement gives financial rewards to Medco for selling more Merck drugs and institutes financial penalties if Medco doesn't meet Merck's quota.

This is an industry ripe for reform and AFSCME intends to give it a good shove down the path of change.

