



California Public Employees' Retirement System

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April 14, 2023

Meena Seshamani, M.D., PhD, Deputy Administrator and Director
Centers for Medicare & Medicaid Services
Department of Health & Human Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850
IRAREbateandNegotiation@cms.hhs.gov

Subject: Medicare Drug Price Negotiation Program Guidance

Dear Deputy Administrator Seshamani,

On behalf of the 1.5 million active members, retirees, and their dependents that the California Public Employees' Retirement System (CalPERS) represents, we thank you for the opportunity to provide comments on the Medicare Drug Price Negotiation Program: Initial Memorandum, Implementation of Sections 1191 – 1198. CalPERS applauds the administration's efforts under the Inflation Reduction Act to negotiate directly with drug manufacturers to lower the price of the some of the costliest Medicare Part D, and eventually Part B, medications. Medicare is the backbone of CalPERS' retiree health benefits, so we appreciate your ongoing efforts to protect the long-term health of the Medicare Trust Fund and ensuring that our Medicare members will pay lower costs for these medically necessary drugs.

CalPERS is the largest purchaser of public employee health benefits in California and the second largest purchaser in the nation after the federal government. Our high-quality, comprehensive health plan offerings include health maintenance, preferred provider, and exclusive provider organization (HMO, PPO, and EPO) plans. In 2021, CalPERS spent an estimated \$10.2 billion purchasing health benefits for our members and employers. Of that, \$2.3 billion, approximately 23% of our total health care spend, was spent on pharmacy benefits post rebates, including \$934 million on Medicare members, with \$369 million of that coming from CMS Part D subsidies and \$574 million paid by CalPERS. While Medicare members only make up approximately 22% of our entire membership, they account for close to half of CalPERS overall pharmacy spend.

To provide these high-quality offerings, CalPERS relies on Medicare Advantage plans, and especially Employer Group Waiver Plans (EGWPs), because they offer enhanced value-based benefits at a lower premium than traditional Medicare. Our members include California's active and retired state and local government, school employees, and their family members, most of whom have fixed incomes.

CalPERS fully supports the elements outlined in the Medicare Drug Price Negotiation Program released March 15, 2023, particularly CMS's commitment to consider factors such as clinical benefit and unmet medical need. We also understand that CMS is not taking specific comments on Section 30 - Identification of Selected Drugs for Initial Price Applicability Year 2026 of the document. However, we have attached the top 30 most expensive Part D drugs for CalPERS Medicare population post-rebates, in case it is informative as CMS continues to refine its process for the negotiation of the Top 10 Part D drugs for 2026. We did not remove all the drugs that will be excluded from negotiation, as we thought it might be helpful to see those as well.

Thank you for the opportunity to respond to this important notice. As you move through this process, we are happy to be a resource for you, so please do not hesitate to reach out. We look forward to working with the administration to ensure the best possible options and benefits for public sector retirees.

Sincerely,

Don Moulds
Chief Health Director

Attachment

CalPERS Medicare Part D Drug Spend 2022

	Product Name	Therapeutic Level 1	Total Utilization	Total Allowed	Total Rebate Amount	Allowed less Rebate
1	ELIQUIS	ANTICOAGULANTS	80,758.00	\$80,873,078.49	\$19,422,860.82	\$61,450,217.67
2	REVLIMID*	ASSORTED CLASSES	2,282.00	\$40,249,756.40	\$50,750.00	\$40,199,006.40
3	HUMIRA PEN*^	ANALGESICS - ANTI-INFLAMMATORY	4,488.00	\$39,693,806.06	\$2,934,078.92	\$36,759,727.14
4	IBRANCE*	ANTINEOPLASTICS	2,049.00	\$30,131,247.68	\$21,396.63	\$30,109,851.05
5	JARDIANCE	ANTIDIABETICS	29,523.00	\$31,686,528.33	\$5,326,521.60	\$26,360,006.73
6	XTANDI*	ANTINEOPLASTICS	2,071.00	\$26,005,796.95	\$10,500.00	\$25,995,296.95
7	IMBRUVICA*	ANTINEOPLASTICS	1,571.00	\$23,979,256.15	\$0.00	\$23,979,256.15
8	TAGRISO*	ANTINEOPLASTICS	1,333.00	\$23,666,541.25	\$15,750.00	\$23,650,791.25
9	XARELTO	ANTICOAGULANTS	27,988.00	\$29,821,258.78	\$7,236,065.94	\$22,585,192.84
10	TRULICITY	ANTIDIABETICS	18,081.00	\$26,180,076.81	\$4,094,970.89	\$22,085,105.92
11	OZEMPIC	ANTIDIABETICS	16,067.00	\$23,119,309.75	\$3,327,633.90	\$19,791,675.85
12	ENBREL SURECLICK*^	ANALGESICS - ANTI-INFLAMMATORY	2,529.00	\$20,290,705.27	\$1,625,070.00	\$18,665,635.27
13	PRADAXA	ANTICOAGULANTS	27,172.00	\$17,252,587.95	\$923,502.37	\$16,329,085.58
14	STELARA*^	DERMATOLOGICALS	716.00	\$16,202,059.23	\$551,780.52	\$15,650,278.71
15	JAKAFI*	ANTINEOPLASTICS	903.00	\$15,396,764.05	\$0.00	\$15,396,764.05
16	OFEV	RESPIRATORY AGENTS - MISC.	1,285.00	\$15,224,097.45	\$0.00	\$15,224,097.45
17	MYRBETRIQ	URINARY ANTISPASMODICS	24,594.00	\$20,601,960.47	\$5,561,195.99	\$15,040,764.48
18	JANUVIA	ANTIDIABETICS	17,563.00	\$19,683,867.76	\$5,095,753.57	\$14,588,114.19
19	VYNDAMAX	CARDIOVASCULAR AGENTS - MISC.	634.00	\$14,556,978.62	\$0.00	\$14,556,978.62
20	POMALYST	ANTINEOPLASTICS	653.00	\$14,533,913.85	\$0.00	\$14,533,913.85
21	DUPIXENT* COSENTYX SENSOREADY	DERMATOLOGICALS	4,619.00	\$16,242,881.19	\$3,854,830.00	\$12,388,051.19
22	PEN	DERMATOLOGICALS	2,272.00	\$13,751,701.95	\$1,365,000.00	\$12,386,701.95
23	OTEZLA*	ANALGESICS - ANTI-INFLAMMATORY	2,781.00	\$12,851,189.53	\$1,836,187.86	\$11,015,001.67
24	CALQUENCE*	ANTINEOPLASTICS	701.00	\$10,456,679.88	\$1,969.25	\$10,454,710.63
25	VICTOZA^	ANTIDIABETICS	6,693.00	\$11,586,488.64	\$1,309,776.01	\$10,276,712.63
26	ENTRESTO	CARDIOVASCULAR AGENTS - MISC.	10,704.00	\$12,142,008.44	\$2,226,974.14	\$9,915,034.30
27	SPIRIVA RESPIMAT	ANTIASTHMATIC AND BRONCHODILATOR AGENTS	16,037.00	\$10,605,789.17	\$1,189,819.30	\$9,415,969.87
28	FARXIGA	ANTIDIABETICS	10,828.00	\$11,165,544.44	\$2,588,044.51	\$8,577,499.93
29	TRELEGY ELLIPTA	ANTIASTHMATIC AND BRONCHODILATOR AGENTS	12,101.00	\$10,836,083.92	\$2,357,105.47	\$8,478,978.45
30	LANTUS SOLOSTAR^	ANTIDIABETICS	16,660.00	\$10,561,331.31	\$3,454,650.62	\$7,106,680.69

*= specialty

^ = biosimilar approved or in pipeline