

Medicaid, Under the Influence



LOEB AWARDS CATEGORIES: AUDIO

1. July 18, 2018 **Investigation: Patients' Drug Options Under Medicaid Heavily Influenced By Drugmakers**
<https://www.npr.org/templates/transcript/transcript.php?storyId=629575118>
By Alison Fitzgerald Kodjak
2. July 18, 2018 **How Drug Companies Control How Their Drugs Are Covered By Medicaid**
<https://www.npr.org/templates/transcript/transcript.php?storyId=630246488>
By Alison Fitzgerald Kodjak
3. July 19, 2018 **Louisiana's New Approach To Treating Hepatitis C**
<https://www.npr.org/templates/transcript/transcript.php?storyId=630378124>
By Alison Fitzgerald Kodjak

<https://www.npr.org/templates/transcript/transcript.php?storyId=629575118>

set station news arts & life music programs
shots HEALTH NEWS FROM NPR
shop
6:50
+ QUEUE
DOWNLOAD
EMBED
MEDICAID, UNDER THE INFLUENCE

< Investigation: Patients' Drug Options Under Medicaid Heavily Influenced By Drugmakers

July 18, 2018 · 5:00 AM ET

Transcript

NOEL KING, HOST:

We have a story now about something called the preferred drug list. It's a powerful tool that states use to try to control spending on prescription drugs in their Medicaid programs. Now, the Center for Public Integrity and NPR conducted an investigation and found that these lists have become targets for intense lobbying and influence-peddling. We've found that across the country, 3 out of every 5 doctors who serve on the committees that decide which drugs make the preferred list get money or perks from drug makers. NPR's Alison Kodjak reports that sometimes those payments add up to hundreds of thousands of dollars.

ALISON KODJAK, BYLINE: When Lisa, who is a drug company sales rep, went to work as an informant for the FBI, they gave her the code name Pampers.

LISA: I was actually about eight months pregnant at the time, so it was quite the experience.

KODJAK: She was working for a drug company that, like many others, uses money, meals and travel to convince doctors to prescribe their medications.

LISA: You just go in there, and you buy the doctor a lobster dinner. And you fly him out to Tokyo for a conference for a week, and he takes his family.

KODJAK: She says getting doctors to prescribe the drug she was selling was only the first step. The second step was to make sure that insurance companies and the government programs Medicare and Medicaid would pay. And that's where her company got into trouble.

LISA: We were very brazen. And the company took it to the extreme.

KODJAK: Extreme to the point where a sales rep went into patient files and filled out the forms to make sure the company's expensive drugs got paid for.

LISA: They were taking the burden off the physician and taking the burden off the office staff.

KODJAK: Lisa asked that we not use her full name because she worries that news she earned a large legal settlement would create problems for her family. She wore a wire for the FBI and became a whistleblower against her former employer, Warner Chilcott. And she recorded company executives instructing their sales reps how to unlawfully complete those forms. Drug companies filling out those forms is particularly troubling to Medicaid, the health care program for the poor and disabled, because those forms are one of the only tool the program has to control drug costs.

CATHY TRAUGOTT: The amount of money spent on drugs is going up significantly year to year.

KODJAK: That's Cathy Traugott, who runs Colorado's Medicaid pharmacy program. Medicaid's run by the states, and by law it has to cover every drug that's approved by the FDA.

TRAUGOTT: We can't say no. We have to cover them. So we have to figure out a way to still balance our budget year to year knowing that these costs are consistently going up.

KODJAK: The only tool states have to control those costs is the preferred drug list. Companies will offer states big discounts to get on the list. And if doctors want to prescribe something that's not on the list, they have to fill out time-consuming paperwork to get Medicaid to pay. The investigation by the Center for Public Integrity and NPR shows that around the country, these preferred drug lists are the targets of high-pressure lobbying, and the whole system is mired in financial conflicts of interest. Companies, through sales reps like Lisa, woo doctors with money and perks to get them not only to prescribe the drugs but also to help them get their drugs on the list. And if they don't make the list, many companies move to the next step - filling out patient forms to convince Medicaid to pay for the drugs anyway.

ROBERT HOGUE: We're going to begin. I'm going to call the meeting to order.

KODJAK: Take this meeting of Texas's Drug Utilization Review Board.

HOGUE: The next topic is the antipsychotics.

KODJAK: The committee's chairman, Dr. Robert Hogue, starts things off with drugs that treat schizophrenia and severe depression. Millions of dollars are in play.

HOGUE: OK. And we have a hundred speakers.

(LAUGHTER)

HOGUE: Don't be shy. Ladies first. Somebody on the front row, come on.

KODJAK: Twelve people line up to speak. Five worked for drug companies, but many of the others have more subtle financial ties to the pharmaceutical industry. Like Matthew Brams, he's a private practice psychiatrist who tells the committee he's done research on antipsychotic drugs.

MATTHEW BRAMS: Long-acting injectables, I believe, are superior to orals in many ways.

KODJAK: Brams praises two medications by name, but he doesn't mention that the companies that make them paid him more than \$180,000 in speaking fees over the previous two years, according to the government's Open Payments database. Taking such payments is not illegal, but it can have a big impact on doctors' behavior, says Ameet Sarpatwari, a professor at Harvard Medical School who studies the economics of pharmaceuticals.

AMEET SARPATWARI: There's been a wealth of studies showing an association between financial conflicts of interest and preferential prescribing practices. And that can be for as little as a \$5 lunch.

KODJAK: And it's not just the people testifying who have financial relationships with drug companies. Eight of the doctors on Texas's drug list committee have gotten compensation according to our investigation. And across the country, 3 of every 5 doctors who vote on preferred drug lists get perks from drug companies. Some benefits are small, a dinner or lunch, but sometimes they're consulting jobs worth hundreds of thousands of dollars. None of it is illegal.

SARPATWARI: It is hard to conceive of any situation where, if a pharmaceutical company did not believe that these payments were somehow influencing prescribing, that they would not be making them.

KODJAK: Our investigation shows that the person who gets the most money is Dr. Mohamed Ramadan, who sits on Arizona's committee. He received more than \$700,000 in consulting fees, meals and tripped over four and a half years, mostly from two companies that make medications to treat schizophrenia. We spoke to him over the phone from his clinic that sits in the middle of the desert on the border of Arizona, Nevada and California.

MOHAMED RAMADAN: I work with multiple companies, and I do research too. So I keep myself very objective.

KODJAK: He says his work with the companies keeps him up to date on the latest developments in his field. And he says he doesn't see any conflict of interest.

RAMADAN: My thought is that healthy interaction with pharmaceutical companies is important.

KODJAK: But according to whistleblower Lisa, the money can be very effective.

LISA: What the managers within the company would tell us is if they feel indebted to you, if they feel a relationship with you, they're more likely to write your product.

KODJAK: In 2015, Lisa's company, Warner Chilcott, which by then had been purchased by a competitor, pleaded guilty to health care fraud. But our investigation finds several whistleblower lawsuits that allege that drug companies or their subcontractors still routinely help doctors fill out paperwork to get their medications covered. And in the end, all that effort can undermine one of the few tools states have to keep their drug costs down.

Alison Kodjak, NPR News.

<https://www.npr.org/templates/transcript/transcript.php?storyId=630246488>

 [set station](#) [news](#) [arts & life](#) [music](#) [programs](#) [shop](#) 


5:06
[+ QUEUE](#)
[DOWNLOAD](#)
[EMBED](#)

HEALTH CARE
< How Drug Companies
Control How Their Drugs Are
Covered By Medicaid
July 18, 2018 · 4:45 PM ET

 Transcript

AILS CHANG, HOST:

Rising drug prices, especially in Medicaid, are straining state budgets. Lawmakers across the country are being forced to make tough choices between giving the poor access to medications and other budget priorities, like education.

NPR and the Center for Public Integrity have been looking at all the ways the drug industry tries to keep that Medicaid money flowing to pharmaceutical companies.

ARI SHAPIRO, HOST:

Today on Morning Edition, NPR's Alison Kodjak looked at the state committees that decide what medications get preferential treatment by Medicaid and how drug companies influence those decisions. Now she has a report on how the drug industry's intense lobbying at the state level has blocked efforts to control Medicaid costs.

ALISON KODJAK, BYLINE: When Ray Ward tried to take on the pharmaceutical industry in Utah, he got a close look at the tactics and the reach of this very powerful lobby. Ward is a doctor and a state representative from Bountiful, just north of Salt Lake City. And he was alarmed that the state's Medicaid program wasn't allowed to negotiate the price of any mental health drugs.

RAY WARD: And that was, in fact, a full third of the Medicaid budget. So a third of the budget worth of medicines did not have negotiated prices.

KODJAK: For other types of medication, the state maintains a list of drugs it'll pay for, no questions asked. If doctors want to use a different drug, they have to get special permission from Medicaid. So companies offer big discounts to secure a spot for their drugs on the preferred list.

But in Utah, mental health drugs were different. The Medicaid program was required to pay for all of them with no conditions. So Ward, whose family practice includes lots of Medicaid patients, introduced a bill to change that.

WARD: There was very intense lobbying at every step of the way - every step of the way.

KODJAK: The pharmaceutical industry deployed 36 lobbyists in the state capital to influence just 104 legislators. And it paid off. The bill was watered down.

Our investigation shows that across the country, drug companies have a massive lobbying presence in statehouses. For the last 10 years, on average, there have been more than 2,200 drug company lobbyists in the states each year. That's 1 lobbyist for every 3 state lawmakers.

TRISH RILEY: The numbers of people hired in the states to lobby on behalf of the industry has exponentially increased as state activity increases.

KODJAK: That's Trish Riley, executive director of the National Academy for State Health Policy. She says there are more than 150 bills related to drug prices pending in state legislatures this year. And, she says, drug companies are also spending tens of millions of dollars supporting patient advocacy groups that lobby state lawmakers.

RILEY: The pharmaceutical industry is aware that they're not popular oftentimes, and so we see an increasing engagement of consumer groups.

KODJAK: Which is exactly what Ward says happened in Utah. Among the consumer groups that flooded the statehouses with citizens opposing his bill was the National Alliance for Mental Illness, or NAMI.

WARD: And so then, they will send out an email blast to thousands of people - whoever's on their list - to say, the legislature is going to take away your medicine. You won't be able to get your mental health medication. You need to come up now and block this bill before it takes your medicine away from you. So the rooms will fill up with patient advocates who have been invited there by virtue of belonging to a group that the pharmaceutical industry runs.

KODJAK: NAMI disputes that. But their website shows they received \$4.2 million from corporations and foundations in 2016, the year Ward's bill was being considered. About half that money came from drug companies. Andrew Sperling, NAMI's director for legislative advocacy, said the group is working for mental health patients, not drug-makers.

ANDREW SPERLING: We have a code of conduct that we don't endorse products. We don't take pharmaceutical industry funding for public policy advocacy. It's actually for discrete specific programs that serve people living with mental illness and their families.

KODJAK: He says the group fought Ward's bill because it would require doctors to justify a more expensive drug before Medicaid would pay, making it harder for patients to get drugs they might need.

SPERLING: We need, to the maximum extent possible, to have open access to the full range of treatments for disorders such as schizophrenia, bipolar disorder and major depression.

KODJAK: All the pressure from lobbyists and advocates had an impact, Ward says.

WARD: In the final committee vote, when I got it through committee, they had successfully lobbied. Three people who told me they would vote for me changed their vote and voted, no, in that committee hearing. So I got it through 6-5 - by the skin of my teeth.

KODJAK: He says the House leadership then delayed the bill until he finally pressed them to bring it to the floor. That was when one of Ward's colleagues with close ties to the mental health group offered a compromise.

The state could have a preferred list of mental health drugs, but if a doctor wanted to prescribe something else - something more expensive, instead of having to go through a time-consuming process to get it approved, all a doctor would have to do is write three words on a prescription - dispense as written.

WARD: And instead of fight them on that, I accepted that compromise.

KODJAK: Which was a win for drug company lobbyists because Ward says the new law has saved Utah some money, but not as much as it would have if it had passed in its original form. Alison Kodjak, NPR News.

<https://www.npr.org/templates/transcript/transcript.php?storyId=630378124>

 [set station](#) [news](#) [arts & life](#) [music](#) [programs](#) [shop](#) 

 5:31
[+ QUEUE](#)
[DOWNLOAD](#)
[EMBED](#)

HEALTH CARE

< Louisiana's New Approach To Treating Hepatitis C

July 19, 2018 - 5:17 AM ET

 **Transcript**

DAVID GREENE, HOST:

This week, NPR and the Center for Public Integrity have been reporting on lobbying by pharmaceutical companies in states across the country. We have found a system rife with conflicts of interest that make it hard for states to control costs in their Medicaid programs. But in Louisiana, one of the poorest states in the U.S., a deal is in the works that may change how the state pays for one very expensive medication that thousands of residents need. And in the long term, this deal could change how states and drug companies work together to rein in drug prices. Here's NPR's Alison Kodjak.

ALISON KODJAK, BYLINE: To get a sense of what happens when high drug prices and tight state budgets mix, Louisiana is the place to go. The state has been in a budget crisis. Lawmakers held three special sessions this year, and the Medicaid budget was a major target. Rebekah Gee is the state's health secretary.

REBEKAH GEE: Medicaid is a big program. My budget, for example, is about half the state budget of Louisiana.

KODJAK: And the fastest growing part of that budget is drug prices. And that's why Gee is looking for a better deal. And she's starting with hepatitis C, one of the most vexing illnesses in her state.

GEE: Hep C is the leading infectious disease killer of our time.

KODJAK: But, she says, it doesn't have to be.

GEE: We can fix an infectious disease. We have eradicated polio in Afghanistan. Why can't we eradicate hep C in Louisiana?

KODJAK: Gee says the only barrier is money because there are a bunch of drugs available today that cure hepatitis C. The first hit the market a few years ago with a budget-shattering price tag of more than \$80,000. The price has gone down since then but it still cost tens of thousands of dollars to treat Hep C. Of the 35,000 people in Louisiana who have the virus and who depend on the state for their health care, only 388 got treatment last year.

GEE: To me, that is unacceptable, but it's also unacceptable for me to pay over \$700 million and have to cut primary education, gut our payments to universities and decimate the health care delivery system for just one disease condition. It shouldn't have to be that way.

KODJAK: Louisiana has put strict limits on who gets treated, and those restrictions have real effects on patients.

CHERYL JOHNSON: My name is Cheryl Johnson (ph). I'm 52 years old, and I live in Baton Rouge.

KODJAK: Johnson lives in a little brick house on the outskirts of the city. It's decorated with family pictures and knick-knacks.

JOHNSON: I love those little things.

KODJAK: She works part-time as a bus driver, and to earn a little extra, she makes gift baskets at home.

JOHNSON: I put skin softener, bubble bath. I do balloons and everything.

KODJAK: It's not a lot of money so she depends on Medicaid for her health care. Back in 2002, she was diagnosed with hep C.

JOHNSON: I contracted hepatitis C from IV drug using. I'm a recovering addict. So yeah, I used to shoot drugs.

KODJAK: The drug use started when she was a teenager, but she says she went through treatment and she's been clean since 1992. Twenty-six years on, though, she's still fighting the virus.

JOHNSON: I have fibrosis on my liver. You know, just scarring. It's not bad, bad yet, but, it's bad enough.

KODJAK: She's gone through four courses of treatment to try to rid her body of hep C using older medications that aren't all that effective.

JOHNSON: It takes the virus away for a while, but then it come back.

KODJAK: And, the drugs come with side effects.

JOHNSON: Lose a lot of weight. You lose your hair. Your bones ache.

KODJAK: Until now Johnson hasn't been sick enough to qualify for treatment with the new drugs under Louisiana's strict rules. But health secretary Gee has an idea that could change that.

GEE: This is our idea. Why don't we take the money we have, you know, what we're spending in corrections, what we're spending in Medicaid, what we're spending for uninsured, and let's pull it together and maybe add a little bit as a sweetener and give it to companies and say, OK, for this price, give us as much drug as we can use, and let's cure hep C.

KODJAK: The drug companies, she says, have nothing to lose.

GEE: In our state, the 34,600 people that are not getting treatment, these companies aren't making a dime, not a penny off these people. So why should they care if we treat them?

KODJAK: So she went to Gilead Sciences, which makes some of the best-selling hepatitis C treatments, and she told them that together they could eradicate the disease in Louisiana.

GREGG ALTON: I mean, this is what's great about Rebekah. She is really dynamic.

KODJAK: That's Gregg Alton, senior vice president of Gilead.

ALTON: We would love to help her out here.

KODJAK: Alton and Gee have met several times to try to work out details of what they refer to as a subscription or Netflix-model of paying for the drugs. Louisiana would agree to a fixed amount of money over several years, and Gilead would provide them with all the medication the state needs. In the first years, the state will get more drugs than they pay for. In the later years, as fewer people need treatment, Gilead would get extra money. Talking to them both, it's clear there's no agreement yet on how much money that would be or for how long, but both suggest a deal is close.

ALTON: I think there is a pretty good meeting of the minds between Gilead and the state of Louisiana, or, at least, the governor and Rebekah right now. Ideally, we'd have something in place this year.

KODJAK: And that would be good news for Cheryl Johnson and more than 34,000 other Louisianans. Alison Kodjak, NPR News.

[POST-BROADCAST CLARIFICATION: In this report, Rebekah Gee says polio has been eradicated in Afghanistan. Her point was that efforts to reduce the number of cases there have been effective. But, in fact, there have still been a small number of cases in that country in recent years.]



The Center for
Public Integrity



Medicaid, Under the Influence

By Liz Essley Whyte, Joe Yerardi,
Julia Donheiser, Kytja Weir
and Chris Zubak-Skees
The Center for Public Integrity

By Alison Fitzgerald Kodjak, Joe Neel,
Scott Hensley and Meredith Rizzo
NPR

PRINCIPAL REPORTERS

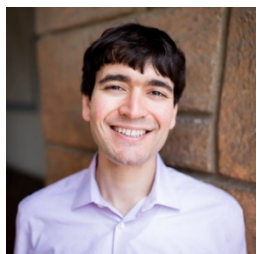


Liz Essley Whyte, Reporter
The Center for Public Integrity
lwhyte@publicintegrity.org
202-481-1235

Liz Essley Whyte is a reporter for the Consider the Source state politics team, where her investigative work has won awards from the National Press Club, Editor & Publisher, the Association of Health Care Journalists, the New York Press Club and local chapters of the Society of Professional Journalists.

Before joining the Center in 2014 as an American University fellow, she was the managing editor of a quarterly magazine focused on philanthropy. She also covered local government and transportation for The Washington Examiner, where her scoops on insider deals at the local airports authority spurred the U.S. Secretary of Transportation to demand reform at the authority.

Her work has been published by numerous outlets including The Associated Press, USA Today, Slate and she has been interviewed about her stories on C-SPAN, Al Jazeera America and public radio programs around the country.



Joe Yerardi, Data Reporter
The Center for Public Integrity
jyerardi@publicintegrity.org
202-481-1221

Joe Yerardi is a data reporter at the Center for Public Integrity, focusing primarily on state politics and policy. In this role, he combines traditional reporting techniques with data analysis, visualization and programming to tell investigative stories. This is Joe's second stint at the Center for Public Integrity, having interned on the Center's data team in 2012.

Before rejoining the Center, Joe covered a wide range of beats as the data reporter at inewsource in San Diego, California, and as the data editor at the San Antonio Express-News. Joe earned his undergraduate degrees in history and journalism at New York University and his master's in journalism at the University of Missouri.



Alison Fitzgerald Kodjak, Health Policy Correspondent

NPR

akodjak@npr.org

202-513-2798

Alison Fitzgerald Kodjak is a health policy correspondent on NPR's Science Desk. Her work focuses on the business and politics of health care and how those forces flow through to the general public. Her stories about drug prices, limits on insurance and changes in Medicare and Medicaid appear on NPR's shows and in the Shots blog.

She joined NPR in September 2015 after a nearly two-decade career in print journalism, where she won several awards—including three George Polk Awards—as an economics, finance, and investigative reporter.

She spent two years at the Center for Public Integrity, leading projects in financial, telecom, and political reporting. Her first project at the Center, "After the Meltdown," was honored with the 2014 Polk Award for business reporting and the Society of Professional Journalists Sigma Delta Chi award.

Prior to joining the Center, Alison spent more than a decade at Bloomberg News, where she wrote about the convergence of politics, government, and economics. She interviewed chairmen of the Federal Reserve and traveled the world with two U.S. Treasury secretaries.