PCMA

OPPOSE SB 56
Costly Restrictions of PBM/Insurer Formulary Management

Step Therapy Is a Critical Care Management Tool Developed by Clinicians

- Health plans and pharmacy benefit managers (PBMs) utilize independent Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals to develop evidence-based guidelines used in drug management programs, such as step therapy, and assure that cost controls do not impair the quality of clinical care.

- Step therapy requires an enrollee to try a medically appropriate first-line drug, typically a generic alternative to a branded product, when a new therapy is initiated. The prescriber is asked to consider ordering a therapeutic alternative. If that medically appropriate alternative was tried earlier and the patient did not achieve optimal outcome, the brand product is approved and dispensed.

Step Therapy Protects Patients from Harm

- Many drugs have harmful side effects or interact adversely with other medications—step therapy encourages trying safer, alternative therapies first.

- Drugs with a high risk of abuse or overuse, such as pain medications or antipsychotics, are good candidates for step therapy to encourage the use of safer, first-line medically appropriate therapies.

- Step therapy ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient, which can improve quality of care when that patient is on multiple medications or is elderly.

Adequate Processes for Access to Non-formulary Drugs Already Exist in Current Market

- If a patient needs to access a non-formulary drug, health plans and PBMs have in place appeals processes for patients to request coverage. The health insurer or PBM works with a patient and his or her provider to provide access to non-formulary drugs where medically necessary and/or likely to create the best outcome.

- The average cost of a generic prescription is approximately one quarter the cost of a brand name prescription while still achieving optimal therapeutic results. Step therapy is designed to capture those savings while producing the medically desired outcome.

Brand Manufacturers Stand To Profit at Expense of Ohio Consumers

- The role of a PBM is to help insurers and other payers provide their members access to safe, effective, affordable medications. Pricing in the drug market is volatile, and there are few tools to incent drug manufacturers to reduce prices. Formulary placement and encouragement to use lower-cost alternatives first are among those tools. S.B. 56 threatens these important market-based, cost-saving mechanisms.

Pharmaceutical Care Management Association
325 7th Street, NW, 9th Floor
Washington, DC 20004
www.pcmanet.org

- Brand manufacturers that have no generic competitors stand to profit substantially from this legislation. Their goal is to get patients “stabilized” on their drug and then force the hands of payers to accept whatever price they wish to charge.

- Through copay coupon marketing programs, brand manufacturers induce consumers to choose higher-cost brands (despite higher copays) over lower-cost competitors (despite lower copays), specifically targeting copay coupons at patients who have prescription drug benefits rather than uninsured or indigent populations.

    - The Federal Trade Commission (FTC) has recognized the importance of formularies and copay incentives, asserting that insurers “must be free to design plans that align to their and the enrollees’ interests” and that efforts that “make generic substitution and therapeutic interchange less common…increase the costs of pharmaceuticals.”[1]

    - Manufacturer coupons interfere with plan design and make generic substitution and therapeutic interchange less common.

    - Coupons undermine formularies by narrowing copayment differentials between brands and generics, reducing the use of generics, and compelling plan sponsors to cover the additional costs associated with greater use of costly brand drugs.

- S.B. 56 bills will force Ohioans to pay more while manufacturers have a license to increase prices, knowing that their drugs must be covered once a patient is “stabilized” —even though equally effective but less expensive alternatives may be available.

- If specific drugs are mandated to be covered by a health plan, union, Taft-Hartley plans, or any other employer-sponsored plan, brand drug manufacturers have no incentive to provide price concessions on their drugs to make them more affordable for patients.

- Ultimately, this legislation will lead to increased profits for drug manufacturers, encourage the manufacturers to continue to escalate drug prices, and, in turn, increase the cost of health coverage for anyone who has health insurance.

[1] Federal Trade Commission, Letter to Rep. Patrick T. McHenry, U.S. House of Representatives, July 15, 2005.

Pharmaceutical Care Management Association
325 7th Street, NW, 9th Floor
Washington, DC 20004
www.pcmanet.org