

SB 818 Raises Costs and Does Not Effectively Address Opioid Abuse

Mandated Coverage and Lowest Tier Placement for Abuse-Deterrent Formulation Opioids Does Little to Curb Drug Abuse and Significantly Raises Costs for all Oregonians

- SB 818 would limit cost-sharing for abuse-deterrent formulation (ADF) opioid analgesic drugs. By requiring ADF opioids to be on the lowest tier, there is zero incentive to use dramatically lower cost generic alternatives.
- This policy would incentivize drug companies to raise prices for ADF opioids because they could charge anything they wanted for those drugs, knowing that the patient cost-sharing would be capped at the lowest level.
- While technological innovations (ADF) have been developed to prevent opioid medications such as OxyContin from being crushed, dissolved, chewed, or cut, this does not prevent abuse and potential overdose because individual can still ingest opioids as intended and continue to ingest increasing amounts of ADF opioids.
- According to the New England Journal of Medicine, after the introduction of an ADF of OxyContin, abusers significantly lowered their use of OxyContin, but increased use of other opioids, such as heroin.ⁱ The authors concluded, “abuse-deterrent formulations may not be the ‘magic bullets’ that many hoped they would be in solving the growing problem of opioid abuse.”ⁱⁱ
- According to the Wall Street Journal, analysts estimate that if the FDA had allowed a generic version of OxyContin to reach the market, its price would be at least 30% lower than the brand version.ⁱⁱⁱ ADF products designed to eliminate the use of generics will lead to brand drug ‘ever-greening’ and substantial cost increases to Oregon businesses, the state health plan, and Oregon Medicaid.
- As an example of the substantial costs associated with this proposal, an identical proposal in Tennessee found dramatic increases in health insurance premiums for its residents. For the TN state government, the minimum cost increase was estimated at \$11M in year one alone.^{iv}

Formulary Placement and Use of Step Therapy is a Vital, Patient-Focused, and Cost-Saving Tool

- By mandating that abuse-deterrent opioid drugs be automatically classified as preferred on drug formularies and free from step therapy requirement, this one-size-fits-all policy takes formulary management out of the hands of health plans and PBMs, which have expertise in designing formularies and policies that best meet patients’ needs. Additionally, the proposed policy assumes that ALL Oregonians who use opioids are going to abuse their medicines and use them inappropriately. This is untrue and demonizes the successful use of generic opioid products designed to alleviate pain in both the short and long-term.
- Formulary management is part of an integrated patient care process enabling physicians, pharmacists, and other health care professionals working together to promote clinically-sound, cost-effective medication therapy and positive health outcomes. Effective use of drug formularies can help minimize overall medical costs and provide patients with an improved quality of life.
- PBMs rely on Pharmacy & Therapeutics (P&T) Committees staffed by independent doctors, nurses, pharmacists, and academics who specialize in specific fields of medicine to develop evidence-based guidelines that are used in drug management programs. These guidelines are based on the latest clinical literature, standards of practice, expert consultation, health outcomes information, and pharmacovigilance data. These guidelines directly apply to the use of opioids in both acute pain management and long-term chronic pain.
- Step therapy programs are developed at the request of plan sponsors to encourage the use of lower-cost, clinically equivalent medications before expensive brand-name alternatives and to ensure evidence-based decisions.

ⁱ Cicero, T.J. and Surratt, H.L., “Effect of Abuse-Deterrent Formulation of OxyContin,” New England Journal of Medicine, July 12, 2012.

ⁱⁱ Ibid.

ⁱⁱⁱ Wall Street Journal, “FDA Bars Generic Versions of Painkiller OxyContin,” April 17, 2013.

<http://www.wsj.com/articles/SB10001424127887324485004578427130649260130>

^{iv} Tennessee General Assembly Fiscal Review Committee, “Fiscal Note: SB 993 - HB 1818,” April 1, 2011.