PCMA

Oppose S.B. 182:
Costly New Mandate on Pharmacy Benefit Managers and Health Plans

- By mandating coverage for specific drugs—regardless of the availability of effective, more affordable alternatives—this bill will increase health care costs for employers and individuals in the form of higher health insurance premiums and higher drug prices.

- Specifically, this bill:
    - Prohibits any increase in patient cost sharing or limitations on coverage of a drug during a contract year, *regardless of a significant spike in manufacturer price or availability of new generics or more cost-effective brand alternatives*;

    - Prohibits insurers from moving drugs to a “more restrictive” tier, *regardless of an increase in manufacturer price, or availability of new generics or more cost-effective brand alternatives*;

    - Prohibits insurers from excluding a drug previously covered if a patient continues to be an enrollee of the plan, *regardless of whether there are new generics available or new brand name alternatives that may be as effective but more affordable;* and,

    - Requires small employer carriers to cover a non-formulary drug for a new enrollee if he or she has been taking the drug, *regardless of whether there are as effective but more affordable alternatives in the new plan*.

Under the Guise of Patient Protection, Provides only a Gateway to Drug Price Increases

- 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 generics and brand alternatives are among those tools. This bill threatens these cost saving mechanisms.

- If specific drugs are mandated to be covered by health insurers, union and 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. All market forces to drive down the cost of drugs will be eliminated.

- For example, if this bill had been enacted when hepatitis C drugs Sovaldi and Harvoni came to market, health insurers and PBMs would not have had the leverage to negotiate the deep discounts on these very expensive drugs in exchange for placement on the formulary as the preferred drug.

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

- Furthermore, the bill would actually perpetuate inappropriate, and even unsafe, drug use and hinder the implementation of drug management tools upon which a safe and effective prescription drug program should be based. Under this bill, health plans and PBMs would not be able to quickly adjust coverage as evidence of adverse patient outcomes becomes available.

    - For example, some health plans stopped covering Vioxx well before the FDA acted on reports that the drug resulted in serious cardiac problems for patients, some of whom actually died as a result.

- Unfortunately, this bill mandates that health plans and PBMs continue to cover a potentially dangerous drug, such as one like Vioxx, irrespective of the potential harm to patients.

<u>Adequate Process for Access to Non-Formulary Drugs Already Exists in Current Market</u>

- Although health insurers use formularies, 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 dugs where medically necessary and/or likely to create the best outcome.

<u>Protects Brand Name Drug Market Share at the Expense of Consumers</u>

- On the surface, the continuity of care provision appears to aid patients, but in actuality this is a protectionist provision that encourages a brand drug manufacturer to get a patient “stabilized” on a drug and then demand that patient continue on that therapy when there may be equally effective but more affordable alternatives.

- For brand and off-patent drugs without competition, S.B. 182 will only encourage manufacturers to continue to escalate prices for these drugs, and, in turn, increase the cost of prescription drugs and health insurance premiums for all health care consumers.

- If specific drugs are mandated to be covered, brand drug manufacturers have no incentive to provide price concessions on their drugs to make them more affordable for patients.

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