Oppose HB 379: Costly New Mandate on Health Plans and PBMs

By mandating coverage for specific drugs—regardless of the availability of effective, more affordable alternatives—HB 379 will increase health care costs for employers and individuals in the form of higher health insurance premiums and higher drug prices.

HB 379 prohibits any increase in patient cost sharing, tiers, or coverage limits during a contract year, regardless of a significant spike in manufacturer price or availability of more cost-effective alternatives. **This type of policy would cost Connecticut health care payers $69 million over five-years**.[1]

Under the guise of patient protection, HB 379 provides a gateway to drug price increases

- PBMs help employers, insurers, and public health programs provide their members access to safe, effective, and affordable medications.
- Pricing in the drug market is volatile. There are few tools to incent drug manufacturers to reduce prices. Formulary placement and financial incentives (i.e., lower cost sharing) 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.
- If this bill had been enacted when hepatitis C drugs Sovaldi, Harvoni, and other competitors 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.

Adequate Processes for Access to Non-Formulary Drugs Already Exists in Current Market

- Although health plans 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 plan 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.

Protects Brand Name Drug Market Share at the Expense of Consumers

- For brand and off-patent drugs without competition, HB 379 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.

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[1] "Estimated Cost of Potential 'FrozenFormulary' Legislation, Fully-Insured Commercial Payer Impact, 2017-2021," Milliman, Sept. 2017.