

Cost of Limiting Prior Authorization and Step Therapy in Alabama

Alabama policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Alabama.

Alabama Impact:

- **If Alabama implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$801 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 1.3 million beneficiaries in Alabama.²**
- **As limits on PA and ST increased costs, the ability of Alabama employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”³ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.⁴ ST has demonstrated savings of more than 10% in targeted categories.⁵

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”⁶

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.⁷ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

¹ “Increased Costs Associated With Proposed State Legislation Impacting PBM Tools,” Visante, January 2019.

² Ibid.

³ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

⁴ “Specialty Utilization Management Proves Effective: Ampyra Prior Authorization Improves Safety and Saves Money,” Prime Therapeutics, 2011.

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Cost of Limiting Prior Authorization and Step Therapy in Alaska

Alaska policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Alaska.

Alaska Impact:

- **If Alaska implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$101 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 161,000 beneficiaries in Alaska.²**
- **As limits on PA and ST increased costs, the ability of Alaska employers to offer health insurance—and jobs—would be diminished.**

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Cost of Limiting Prior Authorization and Step Therapy in Arizona

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Arizona Impact:

- **If Arizona implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$861 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 1.4 million beneficiaries in Arizona.²**
- **As limits on PA and ST increased costs, the ability of Arizona employers to offer health insurance—and jobs—would be diminished.**

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Cost of Limiting Prior Authorization and Step Therapy in Arkansas

Arkansas policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Arkansas.

Arkansas Impact:

- **If Arkansas implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$485 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 773,000 beneficiaries in Arkansas.²**
- **As limits on PA and ST increased costs, the ability of Arkansas employers to offer health insurance—and jobs—would be diminished.**

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Cost of Limiting Prior Authorization and Step Therapy in California

California policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for California.

California Impact:

- **If California implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$8.2 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 13 million beneficiaries in California.²**
- **As limits on PA and ST increased costs, the ability of California employers to offer health insurance—and jobs—would be diminished.**

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Cost of Limiting Prior Authorization and Step Therapy in Colorado

Colorado policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Colorado.

Colorado Impact:

- **If Colorado implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$900 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 1.4 million beneficiaries in Colorado.²**
- **As limits on PA and ST increased costs, the ability of Colorado employers to offer health insurance—and jobs—would be diminished.**

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Cost of Limiting Prior Authorization and Step Therapy in Connecticut

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Connecticut Impact:

- **If Connecticut implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$627 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 1 million beneficiaries in Connecticut.²**
- **As limits on PA and ST increased costs, the ability of Connecticut employers to offer health insurance—and jobs—would be diminished.**

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Delaware Impact:

- **If Delaware implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$150 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 239,000 beneficiaries in Delaware.²**
- **As limits on PA and ST increased costs, the ability of Delaware employers to offer health insurance—and jobs—would be diminished.**

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Cost of Limiting Prior Authorization and Step Therapy in District of Columbia

District of Columbia policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for District of Columbia.

District of Columbia Impact:

- **If District of Columbia implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$137 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 218,000 beneficiaries in District of Columbia.²**
- **As limits on PA and ST increased costs, the ability of District of Columbia employers to offer health insurance—and jobs—would be diminished.**

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Cost of Limiting Prior Authorization and Step Therapy in Florida

Florida policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Florida.

Florida Impact:

- **If Florida implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$3.5 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 5.7 million beneficiaries in Florida.²**
- **As limits on PA and ST increased costs, the ability of Florida employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”⁶⁶ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.⁶⁷ ST has demonstrated savings of more than 10% in targeted categories.⁶⁸

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”⁶⁹

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.⁷⁰ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

¹ “Increased Costs Associated With Proposed State Legislation Impacting PBM Tools,” Visante, January 2019.

² Ibid.

⁶⁶ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

⁶⁷ “Specialty Utilization Management Proves Effective: Ampyra Prior Authorization Improves Safety and Saves Money,” Prime Therapeutics, 2011.

⁶⁸ Yokoyama, et al., “Effects of a step therapy program for angiotensin receptor blockers on antihypertensive medication utilization patterns and cost of drug therapy,” *J Manag Care Pharm.* 2007;13(3):235-244.

⁶⁹ “Pharmacy Benefit Managers: Ownership of Mail-Order Pharmacies,” Federal Trade Commission (FTC), Aug. 2005.

⁷⁰ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in Georgia

Georgia policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Georgia.

Georgia Impact:

- **If Georgia implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$1.8 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 2.8 million beneficiaries in Georgia.²**
- **As limits on PA and ST increased costs, the ability of Georgia employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”⁷³ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.⁷⁴ ST has demonstrated savings of more than 10% in targeted categories.⁷⁵

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”⁷⁶

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.⁷⁷ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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⁷³ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

⁷⁴ “Specialty Utilization Management Proves Effective: Ampyra Prior Authorization Improves Safety and Saves Money,” Prime Therapeutics, 2011.

⁷⁵ Yokoyama, et al., “Effects of a step therapy program for angiotensin receptor blockers on antihypertensive medication utilization patterns and cost of drug therapy,” *J Manag Care Pharm.* 2007;13(3):235-244.

⁷⁶ “Pharmacy Benefit Managers: Ownership of Mail-Order Pharmacies,” Federal Trade Commission (FTC), Aug. 2005.

⁷⁷ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in Hawaii

Hawaii policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Hawaii.

Hawaii Impact:

- **If Hawaii implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$359 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 573,000 beneficiaries in Hawaii.²**
- **As limits on PA and ST increased costs, the ability of Hawaii employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”⁸⁰ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.⁸¹ ST has demonstrated savings of more than 10% in targeted categories.⁸²

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”⁸³

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.⁸⁴ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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⁸⁴ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in Idaho

Idaho policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Idaho.

Idaho Impact:

- **If Idaho implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$278 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 444,000 beneficiaries in Idaho.²**
- **As limits on PA and ST increased costs, the ability of Idaho employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”⁸⁷ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.⁸⁸ ST has demonstrated savings of more than 10% in targeted categories.⁸⁹

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”⁹⁰

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.⁹¹ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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⁹¹ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in Illinois

Illinois policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Illinois.

Illinois Impact:

- **If Illinois implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$2 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 3.2 million beneficiaries in Illinois.²**
- **As limits on PA and ST increased costs, the ability of Illinois employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”⁹⁴ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.⁹⁵ ST has demonstrated savings of more than 10% in targeted categories.⁹⁶

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”⁹⁷

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.⁹⁸ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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⁹⁸ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in Indiana

Indiana policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Indiana.

Indiana Impact:

- **If Indiana implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$990 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 1.6 million beneficiaries in Indiana.²**
- **As limits on PA and ST increased costs, the ability of Indiana employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

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Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”¹⁰¹ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.¹⁰² ST has demonstrated savings of more than 10% in targeted categories.¹⁰³

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”¹⁰⁴

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.¹⁰⁵ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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¹⁰⁴ “Pharmacy Benefit Managers: Ownership of Mail-Order Pharmacies,” Federal Trade Commission (FTC), Aug. 2005.

¹⁰⁵ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in Iowa

Iowa policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Iowa.

Iowa Impact:

- **If Iowa implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$523 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 835,000 beneficiaries in Iowa.²**
- **As limits on PA and ST increased costs, the ability of Iowa employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”¹⁰⁸ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.¹⁰⁹ ST has demonstrated savings of more than 10% in targeted categories.¹¹⁰

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”¹¹¹

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.¹¹² PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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¹¹² “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in Kansas

Kansas policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Kansas.

Kansas Impact:

- **If Kansas implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$517 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 824,000 beneficiaries in Kansas.²**
- **As limits on PA and ST increased costs, the ability of Kansas employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”¹¹⁵ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.¹¹⁶ ST has demonstrated savings of more than 10% in targeted categories.¹¹⁷

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”¹¹⁸

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.¹¹⁹ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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¹¹⁹ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in Kentucky

Kentucky policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Kentucky.

Kentucky Impact:

- **If Kentucky implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$730 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 1.2 million beneficiaries in Kentucky.²**
- **As limits on PA and ST increased costs, the ability of Kentucky employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”¹²² This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.¹²³ ST has demonstrated savings of more than 10% in targeted categories.¹²⁴

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”¹²⁵

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¹²⁶ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in Louisiana

Louisiana policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Louisiana.

Louisiana Impact:

- **If Louisiana implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$724 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 1.2 million beneficiaries in Louisiana.²**
- **As limits on PA and ST increased costs, the ability of Louisiana employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”¹²⁹ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.¹³⁰ ST has demonstrated savings of more than 10% in targeted categories.¹³¹

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”¹³²

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.¹³³ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

¹ “Increased Costs Associated With Proposed State Legislation Impacting PBM Tools,” Visante, January 2019.

² Ibid.

¹²⁹ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

¹³⁰ “Specialty Utilization Management Proves Effective: Ampyra Prior Authorization Improves Safety and Saves Money,” Prime Therapeutics, 2011.

¹³¹ Yokoyama, et al., “Effects of a step therapy program for angiotensin receptor blockers on antihypertensive medication utilization patterns and cost of drug therapy,” *J Manag Care Pharm.* 2007;13(3):235-244.

¹³² “Pharmacy Benefit Managers: Ownership of Mail-Order Pharmacies,” Federal Trade Commission (FTC), Aug. 2005.

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Cost of Limiting Prior Authorization and Step Therapy in Maine

Maine policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Maine.

Maine Impact:

- **If Maine implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$247 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 394,000 beneficiaries in Maine.²**
- **As limits on PA and ST increased costs, the ability of Maine employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

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Cost of Limiting Prior Authorization and Step Therapy in Maryland

Maryland policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Maryland.

Maryland Impact:

- **If Maryland implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$1.2 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 1.9 million beneficiaries in Maryland.²**
- **As limits on PA and ST increased costs, the ability of Maryland employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

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Cost of Limiting Prior Authorization and Step Therapy in Massachusetts

Massachusetts policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Massachusetts.

Massachusetts Impact:

- **If Massachusetts implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$1.4 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 2.3 million beneficiaries in Massachusetts.²**
- **As limits on PA and ST increased costs, the ability of Massachusetts employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

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Cost of Limiting Prior Authorization and Step Therapy in Michigan

Michigan policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Michigan.

Michigan Impact:

- **If Michigan implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$1.8 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 2.8 million beneficiaries in Michigan.²**
- **As limits on PA and ST increased costs, the ability of Michigan employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

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Cost of Limiting Prior Authorization and Step Therapy in Minnesota

Minnesota policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Minnesota.

Minnesota Impact:

- **If Minnesota implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$982 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 1.6 million beneficiaries in Minnesota.²**
- **As limits on PA and ST increased costs, the ability of Minnesota employers to offer health insurance—and jobs—would be diminished.**

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Cost of Limiting Prior Authorization and Step Therapy in Mississippi

Mississippi policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Mississippi.

Mississippi Impact:

- **If Mississippi implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$454 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 724,000 beneficiaries in Mississippi.²**
- **As limits on PA and ST increased costs, the ability of Mississippi employers to offer health insurance—and jobs—would be diminished.**

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Missouri policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Missouri.

Missouri Impact:

- **If Missouri implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$1 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 1.6 million beneficiaries in Missouri.²**
- **As limits on PA and ST increased costs, the ability of Missouri employers to offer health insurance—and jobs—would be diminished.**

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Montana policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Montana.

Montana Impact:

- **If Montana implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$148 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 236,000 beneficiaries in Montana.²**
- **As limits on PA and ST increased costs, the ability of Montana employers to offer health insurance—and jobs—would be diminished.**

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Cost of Limiting Prior Authorization and Step Therapy in Nebraska

Nebraska policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Nebraska.

Nebraska Impact:

- **If Nebraska implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$399 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 637,000 beneficiaries in Nebraska.²**
- **As limits on PA and ST increased costs, the ability of Nebraska employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”¹⁹² This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.¹⁹³ ST has demonstrated savings of more than 10% in targeted categories.¹⁹⁴

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”¹⁹⁵

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.¹⁹⁶ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

¹ “Increased Costs Associated With Proposed State Legislation Impacting PBM Tools,” Visante, January 2019.

² Ibid.

¹⁹² “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

¹⁹³ “Specialty Utilization Management Proves Effective: Ampyra Prior Authorization Improves Safety and Saves Money,” Prime Therapeutics, 2011.

¹⁹⁴ Yokoyama, et al., “Effects of a step therapy program for angiotensin receptor blockers on antihypertensive medication utilization patterns and cost of drug therapy,” *J Manag Care Pharm.* 2007;13(3):235-244.

¹⁹⁵ “Pharmacy Benefit Managers: Ownership of Mail-Order Pharmacies,” Federal Trade Commission (FTC), Aug. 2005.

¹⁹⁶ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in Nevada

Nevada policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Nevada.

Nevada Impact:

- **If Nevada implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$610 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 973,000 beneficiaries in Nevada.²**
- **As limits on PA and ST increased costs, the ability of Nevada employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

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Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.²⁰⁰ ST has demonstrated savings of more than 10% in targeted categories.²⁰¹

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”²⁰²

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.²⁰³ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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¹⁹⁹ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

²⁰⁰ “Specialty Utilization Management Proves Effective: Ampyra Prior Authorization Improves Safety and Saves Money,” Prime Therapeutics, 2011.

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²⁰² “Pharmacy Benefit Managers: Ownership of Mail-Order Pharmacies,” Federal Trade Commission (FTC), Aug. 2005.

²⁰³ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in New Hampshire

New Hampshire policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for New Hampshire.

New Hampshire Impact:

- **If New Hampshire implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$246 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 392,000 beneficiaries in New Hampshire.²**
- **As limits on PA and ST increased costs, the ability of New Hampshire employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”²⁰⁶ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.²⁰⁷ ST has demonstrated savings of more than 10% in targeted categories.²⁰⁸

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”²⁰⁹

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.²¹⁰ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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² *Ibid.*

²⁰⁶ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

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²¹⁰ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in New Jersey

New Jersey policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for New Jersey.

New Jersey Impact:

- **If New Jersey implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$1.7 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 2.7 million beneficiaries in New Jersey.²**
- **As limits on PA and ST increased costs, the ability of New Jersey employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

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Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”²¹³ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.²¹⁴ ST has demonstrated savings of more than 10% in targeted categories.²¹⁵

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Cost of Limiting Prior Authorization and Step Therapy in New Mexico

New Mexico policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for New Mexico.

New Mexico Impact:

- **If New Mexico implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$258 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 411,000 beneficiaries in New Mexico.²**
- **As limits on PA and ST increased costs, the ability of New Mexico employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

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Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”²²⁰ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.²²¹ ST has demonstrated savings of more than 10% in targeted categories.²²²

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”²²³

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²²⁴ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in New York

New York policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for New York.

New York Impact:

- **If New York implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$3.3 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 5.2 million beneficiaries in New York.²**
- **As limits on PA and ST increased costs, the ability of New York employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

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Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”²²⁷ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.²²⁸ ST has demonstrated savings of more than 10% in targeted categories.²²⁹

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”²³⁰

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.²³¹ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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²²⁷ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

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²³¹ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in North Carolina

North Carolina policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for North Carolina.

North Carolina Impact:

- **If North Carolina implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$1.5 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 2.3 million beneficiaries in North Carolina.²**
- **As limits on PA and ST increased costs, the ability of North Carolina employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

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Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.²³⁵ ST has demonstrated savings of more than 10% in targeted categories.²³⁶

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NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.²³⁸ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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Cost of Limiting Prior Authorization and Step Therapy in North Dakota

North Dakota policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for North Dakota.

North Dakota Impact:

- **If North Dakota implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$147 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 235,000 beneficiaries in North Dakota.²**
- **As limits on PA and ST increased costs, the ability of North Dakota employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

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Cost of Limiting Prior Authorization and Step Therapy in Ohio

Ohio policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Ohio.

Ohio Impact:

- **If Ohio implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$1.9 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 3 million beneficiaries in Ohio.²**
- **As limits on PA and ST increased costs, the ability of Ohio employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”²⁴⁸ This process safeguards against the use of PA and ST being too restrictive.

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FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”²⁵¹

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²⁵² “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in Oklahoma

Oklahoma policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Oklahoma.

Oklahoma Impact:

- **If Oklahoma implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$604 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 1 million beneficiaries in Oklahoma.²**
- **As limits on PA and ST increased costs, the ability of Oklahoma employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”²⁵⁵ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.²⁵⁶ ST has demonstrated savings of more than 10% in targeted categories.²⁵⁷

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”²⁵⁸

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.²⁵⁹ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

¹ “Increased Costs Associated With Proposed State Legislation Impacting PBM Tools,” Visante, January 2019.

² Ibid.

²⁵⁵ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

²⁵⁶ “Specialty Utilization Management Proves Effective: Ampyra Prior Authorization Improves Safety and Saves Money,” Prime Therapeutics, 2011.

²⁵⁷ Yokoyama, et al., “Effects of a step therapy program for angiotensin receptor blockers on antihypertensive medication utilization patterns and cost of drug therapy,” *J Manag Care Pharm.* 2007;13(3):235-244.

²⁵⁸ “Pharmacy Benefit Managers: Ownership of Mail-Order Pharmacies,” Federal Trade Commission (FTC), Aug. 2005.

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Cost of Limiting Prior Authorization and Step Therapy in Oregon

Oregon policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Oregon.

Oregon Impact:

- **If Oregon implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$797 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 1.3 million beneficiaries in Oregon.²**
- **As limits on PA and ST increased costs, the ability of Oregon employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”²⁶² This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.²⁶³ ST has demonstrated savings of more than 10% in targeted categories.²⁶⁴

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”²⁶⁵

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.²⁶⁶ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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²⁶² “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

²⁶³ “Specialty Utilization Management Proves Effective: Ampyra Prior Authorization Improves Safety and Saves Money,” Prime Therapeutics, 2011.

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²⁶⁵ “Pharmacy Benefit Managers: Ownership of Mail-Order Pharmacies,” Federal Trade Commission (FTC), Aug. 2005.

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Cost of Limiting Prior Authorization and Step Therapy in Pennsylvania

Pennsylvania policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Pennsylvania.

Pennsylvania Impact:

- **If Pennsylvania implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$1.9 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 3 million beneficiaries in Pennsylvania.²**
- **As limits on PA and ST increased costs, the ability of Pennsylvania employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”²⁶⁹ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.²⁷⁰ ST has demonstrated savings of more than 10% in targeted categories.²⁷¹

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”²⁷²

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.²⁷³ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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²⁷³ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in Rhode Island

Rhode Island policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Rhode Island.

Rhode Island Impact:

- **If Rhode Island implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$212 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 338,000 beneficiaries in Rhode Island.²**
- **As limits on PA and ST increased costs, the ability of Rhode Island employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”²⁷⁶ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.²⁷⁷ ST has demonstrated savings of more than 10% in targeted categories.²⁷⁸

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”²⁷⁹

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.²⁸⁰ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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²⁸⁰ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in South Carolina

South Carolina policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for South Carolina.

South Carolina Impact:

- **If South Carolina implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$732 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 1.2 million beneficiaries in South Carolina.²**
- **As limits on PA and ST increased costs, the ability of South Carolina employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”²⁸³ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.²⁸⁴ ST has demonstrated savings of more than 10% in targeted categories.²⁸⁵

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”²⁸⁶

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.²⁸⁷ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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Cost of Limiting Prior Authorization and Step Therapy in South Dakota

South Dakota policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for South Dakota.

South Dakota Impact:

- **If South Dakota implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$166 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 265,000 beneficiaries in South Dakota.²**
- **As limits on PA and ST increased costs, the ability of South Dakota employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”²⁹⁰ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.²⁹¹ ST has demonstrated savings of more than 10% in targeted categories.²⁹²

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”²⁹³

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.²⁹⁴ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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²⁹⁰ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

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Cost of Limiting Prior Authorization and Step Therapy in Tennessee

Tennessee policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Tennessee.

Tennessee Impact:

- **If Tennessee implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$1 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 1.6 million beneficiaries in Tennessee.²**
- **As limits on PA and ST increased costs, the ability of Tennessee employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”²⁹⁷ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.²⁹⁸ ST has demonstrated savings of more than 10% in targeted categories.²⁹⁹

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”³⁰⁰

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.³⁰¹ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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³⁰¹ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in Texas

Texas policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Texas.

Texas Impact:

- **If Texas implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$4.5 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 7.1 million beneficiaries in Texas.²**
- **As limits on PA and ST increased costs, the ability of Texas employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”³⁰⁴ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.³⁰⁵ ST has demonstrated savings of more than 10% in targeted categories.³⁰⁶

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Cost of Limiting Prior Authorization and Step Therapy in Utah

Utah policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Utah.

Utah Impact:

- **If Utah implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$686 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 1.1 million beneficiaries in Utah.²**
- **As limits on PA and ST increased costs, the ability of Utah employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”³¹¹ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.³¹² ST has demonstrated savings of more than 10% in targeted categories.³¹³

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”³¹⁴

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Cost of Limiting Prior Authorization and Step Therapy in Vermont

Vermont policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Vermont.

Vermont Impact:

- **If Vermont implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$84 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 134,000 beneficiaries in Vermont.²**
- **As limits on PA and ST increased costs, the ability of Vermont employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”³¹⁸ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.³¹⁹ ST has demonstrated savings of more than 10% in targeted categories.³²⁰

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”³²¹

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.³²² PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

¹ “Increased Costs Associated With Proposed State Legislation Impacting PBM Tools,” Visante, January 2019.

² Ibid.

³¹⁸ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

³¹⁹ “Specialty Utilization Management Proves Effective: Ampyra Prior Authorization Improves Safety and Saves Money,” Prime Therapeutics, 2011.

³²⁰ Yokoyama, et al., “Effects of a step therapy program for angiotensin receptor blockers on antihypertensive medication utilization patterns and cost of drug therapy,” *J Manag Care Pharm.* 2007;13(3):235-244.

³²¹ “Pharmacy Benefit Managers: Ownership of Mail-Order Pharmacies,” Federal Trade Commission (FTC), Aug. 2005.

³²² “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in Virginia

Virginia policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Virginia.

Virginia Impact:

- **If Virginia implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$1.7 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 2.7 million beneficiaries in Virginia.²**
- **As limits on PA and ST increased costs, the ability of Virginia employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”³²⁵ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.³²⁶ ST has demonstrated savings of more than 10% in targeted categories.³²⁷

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”³²⁸

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.³²⁹ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

¹ “Increased Costs Associated With Proposed State Legislation Impacting PBM Tools,” Visante, January 2019.

² Ibid.

³²⁵ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

³²⁶ “Specialty Utilization Management Proves Effective: Ampyra Prior Authorization Improves Safety and Saves Money,” Prime Therapeutics, 2011.

³²⁷ Yokoyama, et al., “Effects of a step therapy program for angiotensin receptor blockers on antihypertensive medication utilization patterns and cost of drug therapy,” *J Manag Care Pharm.* 2007;13(3):235-244.

³²⁸ “Pharmacy Benefit Managers: Ownership of Mail-Order Pharmacies,” Federal Trade Commission (FTC), Aug. 2005.

³²⁹ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in Washington

Washington policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Washington.

Washington Impact:

- **If Washington implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$1.4 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 2.2 million beneficiaries in Washington.²**
- **As limits on PA and ST increased costs, the ability of Washington employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”³³² This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.³³³ ST has demonstrated savings of more than 10% in targeted categories.³³⁴

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”³³⁵

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.³³⁶ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

¹ “Increased Costs Associated With Proposed State Legislation Impacting PBM Tools,” Visante, January 2019.

² *Ibid.*

³³² “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

³³³ “Specialty Utilization Management Proves Effective: Ampyra Prior Authorization Improves Safety and Saves Money,” Prime Therapeutics, 2011.

³³⁴ Yokoyama, et al., “Effects of a step therapy program for angiotensin receptor blockers on antihypertensive medication utilization patterns and cost of drug therapy,” *J Manag Care Pharm.* 2007;13(3):235-244.

³³⁵ “Pharmacy Benefit Managers: Ownership of Mail-Order Pharmacies,” Federal Trade Commission (FTC), Aug. 2005.

³³⁶ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in West Virginia

West Virginia policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for West Virginia.

West Virginia Impact:

- **If West Virginia implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$199 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 318,000 beneficiaries in West Virginia.²**
- **As limits on PA and ST increased costs, the ability of West Virginia employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”³³⁹ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.³⁴⁰ ST has demonstrated savings of more than 10% in targeted categories.³⁴¹

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”³⁴²

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.³⁴³ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

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² Ibid.

³³⁹ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

³⁴⁰ “Specialty Utilization Management Proves Effective: Ampyra Prior Authorization Improves Safety and Saves Money,” Prime Therapeutics, 2011.

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³⁴³ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in Wisconsin

Wisconsin policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Wisconsin.

Wisconsin Impact:

- **If Wisconsin implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$1 billion in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 1.6 million beneficiaries in Wisconsin.²**
- **As limits on PA and ST increased costs, the ability of Wisconsin employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”³⁴⁶ This process safeguards against the use of PA and ST being too restrictive.

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FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”³⁴⁹

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³⁵⁰ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

Cost of Limiting Prior Authorization and Step Therapy in Wyoming

Wyoming policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Wyoming.

Wyoming Impact:

- **If Wyoming implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$86 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 137,000 beneficiaries in Wyoming.²**
- **As limits on PA and ST increased costs, the ability of Wyoming employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

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