



August 3, 2018

Ms. Yada Horace  
Alabama Department of Insurance  
PO Box 303351  
Montgomery AL 36104

*Via email: [ehbpubliccomment@insurance.alabama.gov](mailto:ehbpubliccomment@insurance.alabama.gov)*

**Re: PY 2020 EHB Benchmark Plan Revisions**

Dear Ms. Horace:

On behalf of the Pharmaceutical Care Management Association (PCMA) we are writing this letter expressing support for the Department of Insurance's proposed changes to the 2020 EHB Benchmark plan. PCMA is the national trade association for America's Pharmacy Benefit Managers (PBMs), which administer prescription drug plans for more than 266 million Americans with health coverage through large and small employers, health insurers, labor unions, and federal and state-sponsored health programs.

As you may know, prescription drugs account for 22 percent of premium dollars in the marketplace.<sup>1</sup> As a result, managing the prescription drug benefit is vital to controlling overall healthcare costs. PBMs have a number of tools to ensure clinically sound, high-quality pharmacy and cost-effective pharmacy benefits. The Department proposes to change the required drug counts in the EHB-Benchmark Plan, reducing the number of required drugs in most classes.

PCMA supports a prescription drug standard that guarantees access to prescription drug coverage and that the standard provides PBMs and payers the flexibility to develop and offer innovative pharmacy benefits. We believe that any EHB benchmark approach must include a prescription drug standard that is predicated on free market principles that promotes the ability of PBMs and their reliance on the clinical determinations of Pharmacy and Therapeutics Committees. These committees use clinically sound research to choose which drugs to include on plan formularies when there are alternatives within a given category or class. We believe that tying formularies to an arbitrary minimum number of drugs to be covered by a state benchmark plan reduces the ability of payers and their PBMs to negotiate rebates for drugs. This can cause drugs in certain classes to have considerably higher net costs. However, we believe that reducing the minimum number of drugs provides greater bargaining power for payers when negotiating with drug manufacturers.

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<sup>1</sup> The Implications of Cutting Essential Health Benefits. Robert Wood Johnson Foundation and the Urban Institute. July 2017. Available at [http://www.rwjf.org/content/dam/farm/reports/issue\\_briefs/2017/rwjf438507](http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2017/rwjf438507)



As we've commented to the Centers for Medicare and Medicaid Services, we believe drug counts are not the ideal way to maintain a prescription drug benefit. To the extent the Department's proposal provides greater flexibility in the prescription drug benefit, the ability of PBMs to develop a prescription drug benefit given the current federal policies in this area is maximized. If you have any questions, please contact me at 202-756-5743. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "April C. Alexander". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

April C. Alexander  
Assistant Vice President, State Affairs