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TESTIMONY – STATE PHARMACY BENEFIT MANAGER STUDY LEGISLATION

Ohio House of Representatives

Public Hearing for House Bill 479

Speaker:

Stephen Marmaras

Director, Policy and Advocacy

Global Healthy Living Foundation

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Disclosure: The Global Healthy Living Foundation accepts grants and charitable contributions from pharmaceutical companies, the government, private foundations and individuals. We have received scientific briefings from pharmaceutical companies, as well as from our independent medical advisory board.

Good Afternoon,

My name is Stephen Marmaras. I am the Director of Policy and Advocacy for the Global Healthy Living Foundation, a 501(c)(3) non-profit organization. I am writing on behalf of the 500 chronically ill Ohio residents we represent. I want to thank you for allowing me to speak today in support of the passage of House Bill 479. This bill puts patients first and prioritizes their difficulty accessing affordable care by establishing a committee to study the role of PBMs in escalating costs.

Through our work at the local community level in states all across the country, we have come to learn that one of the key factors in our increasingly complex health care system is the rise of Pharmacy Benefit Managers, or PBMs, and their various policies which take money out of patients' pockets, the most recent example of which is their copay accumulator directive which eliminates the patient subsidies and instead puts copay card funds directly into the PBM profit column.

The way we see it, PBMs are middlemen, paid by insurance companies to develop and manage their formularies. However, pharmaceutical companies will often give PBMs rebates in exchange for inclusion on a formulary meaning that PBMs are paid twice. In order to cover these costs, pharmaceutical companies and insurance companies both raise their prices and the burden is passed down to the patient in the form of higher premiums, copays, and deductibles. PBMs claim that the savings they capture for insurers and employers are passed on to patients in lower out-of-pocket costs. When's the last time you've seen your premium or deductible go down? Where are these savings going? We suggest they go to the PBMs bottom line.

One particularly bothersome practice is that of “clawbacks” which drastically increase healthcare spending. Under these schemes a patient goes to a pharmacy to fill a prescription and is charged a copayment that may be more than if the patient were to pay without using their insurance. The pharmacist is reimbursed at the normal rate but is contractually obligated to send the over-charged “clawback” to the PBM. Current law also forces a gag order preventing pharmacists from even telling the patients they could get the drug more cheaply if they pay cash rather than letting their insurance cover it. I’d like to repeat this to make sure everyone understands what is going on here: A pharmacist cannot tell a patient when the drug they want to buy has a higher copay than the cost of the drug.

While the PBMs profit, pharmacists are forced to deceive patients, and patients suffer significant financial burdens.

Before I close, I want to explain one more egregious practice that I mentioned earlier – copay accumulators. Copay accumulators mean copay cards, which make drugs affordable for millions of patients have been rendered useless to the patient while becoming a profit center for PBMs. Here’s how it works: The patient thinks they are using their copay card to reduce their deductible, but instead, the PBM takes the money and does not reduce the deductible. The patient is on the hook for the full deductible while the PBM makes money at least twice, if we count the fact that they charge the patient the full price for the drug and then collect rebates and concessions based on volume.

HB 479 is a step toward transparency, lower health care spending, and increased access to treatments for those living with chronic disease. Ohio must keep patients at the center of health care decisions, allow pharmacists to practice to the full extent of their licensure, and significantly reduce healthcare spending. We hope that you will offer your support for this pro-patient common sense bill. The Global Healthy Living Foundation, its arthritis community, CreakyJoints are ready to help. Thank you for your time and consideration.

Respectfully,

A handwritten signature in black ink, appearing to read "Stephen Marmaras". The signature is fluid and cursive, with the first name being more prominent.

Stephen Marmaras
Director, Policy and Advocacy
Global Healthy Living Foundation

