

**Testimony Supporting House Bill 469**  
**Sharon A. Lamberton, MS, RN**  
**Deputy Vice President**  
**The Pharmaceutical Research and Manufacturers of America (PhRMA)**  
**Health Committee, The Ohio House of Representatives**  
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Chairman Lipps, Ranking Member Boyd, members of the committee, my name is Sharon Lamberton, Deputy Vice President of the Pharmaceutical Research and Manufacturers of America (PhRMA), a trade association of more than thirty biopharmaceutical companies throughout the world dedicated to developing innovative cures and treatments for patients throughout the world.

I am here today to convey PhRMA's support of House Bill 469, bipartisan legislation sponsored by Representatives Susan Manchester and Thomas West that will help ensure patient access to lifesaving medications and protect your constituents from a costly and burdensome health insurance practice called "accumulator adjustment programs." As we know, patients are facing an ever-increasing problem of health insurers requiring their enrollees to pay more out-of-pocket. The use of co-pay accumulator adjustment programs by insurers is only adding to the financial burden of patients. HB 469 addresses this growing problem by simply requiring health insurers to count all payments made by patients (directly or on their behalf) toward their deductible and overall out-of-pocket maximums, unless a medically appropriate generic equivalent is available. HB 469 will also protect patients from unexpected "surprise billing" at the pharmacy counter.

PhRMA is pleased to support the work of Representatives Manchester and West by joining numerous patient organizations and prominent health care provider groups by urging the quick passage of HB 469. Ohio would be joining four states, Arizona, Virginia, West Virginia and Illinois, that have already passed patient protection language like HB 469. Our biopharmaceutical manufacturer members

believe supporting HB 469 is another part of our mission to assist patients in Ohio and all over the country.

As you may know, our companies have invested more than \$900 billion since 2000 in research and development of new, lifesaving and life-improving treatments and cures, and \$79.6 billion in 2018. The biopharmaceutical sector contributes heavily to the Ohio economy, providing over 90,816 jobs to Ohioans with an average compensation of \$92,513, much higher than \$55,519, the average compensation for a job in other sectors. In addition, the industry generated \$1.2 billion in revenue through federal and state taxes and provides more than \$1.8 trillion in rebates, with \$678,912,816 of rebate payments going to the state in 2018.

As a registered nurse, I have unfortunately seen firsthand what happens to a patient when they are not able to take their medication as prescribed and are unable to manage their illness - more trips to the emergency room, unnecessary hospitalization, negative health outcomes and increasing health care costs for the patient and the state. Simply having health insurance is not enough for consumers if they cannot afford their health care costs due to unaffordable out-of-pocket costs set by insurers. Out-of-pocket costs for patients are rising, even for the healthiest of Ohioans, whether they have insurance or are underinsured. For patients with rare or chronic conditions, like rheumatoid arthritis, epilepsy and cancer, among others, the cost of treatment can quickly add up to thousands of dollars. This is partially due to changes in commercial insurance design that have resulted in many patients facing ever growing cost sharing for prescription drugs due to increased usage of large deductibles and unpredictable coinsurance, rather than copayments.<sup>i</sup> Patients with copays pay a fixed amount per prescription, while those with coinsurance pay a percentage of the medicine's price. Deductibles and coinsurance can cause patients to face higher out-of-pocket costs because deductibles and coinsurance amounts are

often larger than copays.<sup>ii</sup> High cost sharing can impact a patient's ability to start a new medicine or stay adherent. New data show that over half (52%) of patients did not start their new brand medicines when their out-of-pocket costs reached \$125.<sup>iii</sup>

Health insurers have traditionally allowed manufacturer cost-sharing assistance to help pay cost sharing on behalf of patients that ultimately counts toward their annual deductibles and maximum out-of-pocket costs. Unfortunately instead of allowing this assistance to help patients afford their medicines, health insurers and their pharmacy benefit managers (PBMs) have begun using "accumulator adjustment programs" (AAPs) to prevent manufacturer cost-sharing assistance from counting towards a patients' deductibles and maximum out-of-pocket limits, leaving patients to bear the additional cost burden . This added cost typically comes as a shock to patients at the pharmacy counter when they realize that they are being forced to pay even more out-of-pocket, under the assumption that their deductible had already been met previously, suddenly facing exorbitant expenses.

Now more than ever, with increasing financial pressures due to this ongoing pandemic, this problem that cannot wait to be solved. The system needs to work better for patients. If we don't bring HB 469 to passage, insurance companies will continue to limit access to care and put Ohioans' health at risk. Cost-sharing assistance is crucial for many patients, and we shouldn't jeopardize those who rely on it to manage their serious health conditions.

Chairman Lipps, Ranking Member Boyd and members of the committee, thank you for allowing me to submit testimony in support of HB 469. PhRMA has appreciated your past support of efforts to ensure patients have access to affordable lifesaving medications. Our association looks forward to

working with you and the numerous patient groups and health care provider organizations who support HB 469 for the passage of this important legislation.

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<sup>i</sup> Peterson-Kaiser Family Foundation. Tracking the rise in premium contributions and cost-sharing for families with large employer coverage. August 2019. <https://www.healthsystemtracker.org/brief/tracking-the-rise-in-premium-contributions-and-cost-sharing-for-families-with-large-employer-coverage/>.

<sup>ii</sup> K. Devane, et. al., "Patient Affordability and Prescription Drugs," IQVIA August 2018.

<sup>iii</sup> K. Devane, et. al., "Patient Affordability Part Two: Implications for Patient Behavior and Therapy Consumption," IQVIA May 2018.