

April 16, 2017

The Honorable Dave Burke
Health, Human Services and Medicaid Committee
Senate Building
1 Capitol Square, Ground Floor
Columbus, OH 43215



Subject: Adopt requirements for step therapy protocols, SB 56

Dear Chairman Burke,

National Patient Advocate Foundation (NPAF) appreciates the opportunity to submit testimony reinforcing our strong support for SB 56, legislation that would strengthen patient access to needed treatment and protect patients from the potential harms of overreaching step therapy practices.

NPAF represents the voices of millions of adults, children and families coping with serious and chronic illnesses nationwide as the advocacy affiliate of Patient Advocate Foundation (PAF). PAF provides direct case management, financial support and educational services to tens of thousands of primarily low-income patients and caregivers each year who are experiencing distressing financial, employment, insurance coverage, or material hardships because of their health conditions. Over the past ten years, PAF has provided personalized case management services to over 9,000 individuals and families facing serious and chronic illness in Ohio.¹

Step therapy requires patients to try and fail alternative treatments that may be lower cost before the intended physician-recommended treatment can be given. When this happens, patients are often unable to access the medications, diagnostic tests or other therapies discussed and agreed upon with their physician to treat their condition in a timely and effective manner. Delays in accessing the most effective treatments can put patients' health and well-being at risk. SB56 would help patients in Ohio by 1) ensuring that step therapy protocols are based on the highest clinical evidence, 2) requiring that insurers establish a timely exemption process that is transparent and accessible to both patients and health care providers, and 3) establishing circumstances for providers to override step therapy protocols when medically appropriate.

While step therapy aims to reduce insurers' costs, evidence indicates it does not always achieve that objective in practice. We'd like to draw the committee's attention to studies demonstrating unintended step therapy consequences such as treatment delays and greater use of other healthcare services. In Georgia for example, when step therapy was introduced for schizophrenia medications, it initially saved the Medicaid program \$20 per member per month, but the state subsequently spent \$32 per member per month on outpatient services due to ineffective medication use.² Another study focusing on treatment of attention deficit hyperactivity disorder concluded that step therapy resulted in no overall cost difference but

¹ Patient Advocate Foundation. Internal Patient Data Records. Jan 1, 2007 – Dec 31, 2017. Retrieved March 2018.

² Farley JF, Cline RR, Schommer JC et al. Retrospective assessment of Medicaid step-therapy prior authorization policy for atypical antipsychotic medications. *Clin Therapeutics*. 2008;30(8):1524-1539.

led patients to experience treatment delays and underutilize needed drugs.³ Consequently, step therapy may even lead to higher health care costs by increasing the likelihood of hospitalizations and emergency department visits for patients who have symptoms crises or other distressing complications. Research in management of patients' high blood pressure shows that while step therapy may lower drug costs, savings are outweighed by a surge in hospital expenses.⁴

Opponents of SB 56 are concerned that step therapy reform may result in higher insurance plan premiums. We'd like to emphasize that premium rates reflect complex factors far beyond step therapy including characteristics of the covered population, projected medical costs, administrative fees, as well as laws and regulations affecting the risk pool.⁵ In fact, a major contributor to higher premiums across markets appears to be high prescription drug prices and increased demand for these products.⁶ Step therapy reform alone is not expected to significantly impact the upward or downward pressure on premiums compared to other factors.

Prescribed treatments – medications, diagnostic tests or other therapies – should be the result of shared-decision making between patients and their physicians based on what best meets the patient's particular needs and circumstances. Step therapy protocols should be clear, understandable and allow flexibility for considering the judgment and expertise of medical professionals and the impact on patients. SB 56 will protect patients in Ohio, including the most vulnerable populations in the Medicaid program, from harm caused by unintended consequences of step therapy. This legislation will take important steps to balance cost containment strategies with meeting patients' needs by creating exceptions to accommodate those coping with complex health circumstances.

We thank you for the opportunity to share our support for SB 56 and strongly urge you to pass this important legislation out of the Health, Human Services and Medicaid Committee. Please do not hesitate to contact Nicole Braccio, PharmD, Director of Policy at nicole.braccio@npaf.org or Donna Guinn, Eastern States Regional Field Director, at donnag.kaufman@npaf.org or 703-489-2727, if NPAF can provide additional details or assistance.

Respectfully submitted,



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CC: Health, Human Services and Medicaid Committee

³ Brandon T. Suehs et al., Impact of a Step Therapy for Guanfacine Extended-Release on Medication Utilization and Health Care Expenditures Among Individuals Receiving Treatment for ADHD. *J Manag. Care Spec. Pharm.* 793, 801 (2015).

⁴ Mark TL, Gibson TB, McGuigan KA. The effects of antihypertensive step-therapy protocols on pharmaceutical and medical utilization expenditures. *American Journal of Managed Care.* 2009;15(2):123-131

⁵ American Academy of Actuaries. Issue Brief: Drivers of 2018 Health Insurance Premium Changes. July 2017. Available at: http://actuary.org/files/publications/Premium_Drivers_2018_071017.pdf

⁶ America's Health Insurance Plans. Factors Affecting Premiums in 2017 Individual Exchange Marketplace. May 2016. Available at: https://www.ahip.org/wp-content/uploads/2016/05/2017Premiums_IssueBrief.pdf