**Interested Party Testimony to Substitute House Bill 110**
**Connor Rose**
**Director, State Affairs**
**Pharmaceutical Care Management Association**
**The Ohio House of Representatives Finance Committee**
**April 15, 2021**

Chair Oelslager, Vice Chair Plummer, Ranking Member Crawley and Members of the House Finance Committee, on behalf of the Pharmaceutical Care Management Association (PCMA), we appreciate the opportunity to provide testimony in opposition to provisions recently added to Substitute House Bill 110 (Sub HB 110). PCMA is the national association representing pharmacy benefit managers (PBMs), which administer prescription drug plans for millions of Americans with health coverage provided through large and small employers, health plans, labor unions, state and federal employee-benefit plans, and government programs.

The specific provisions we are referring to, which were added to Sub HB 110, are the provisions of House Bill 153 (HB 153). This separate, stand-alone legislation was introduced at the end of February and has had no hearings in the House Insurance Committee where it is pending.

Firstly, we ask that you respectfully remove HB 153 from the budget bill to allow for the legislative and committee process to take place, and hearings to be held.

As to the underlying provisions of the legislation, while we understand the intent is to ensure Ohioans have access to safe and affordable prescription drugs, it is likely that the unintended consequences associated with this language will have the opposite effect and increase costs to employers, including small businesses, as well as local governments. Specifically, it will greatly constrict the use of important tools used by PBMs to place downward pressure on the cost of prescription drugs by prohibiting plan sponsors (i.e. employers) and PBMs from designing a formulary that promotes the use of more affordable therapies and give drug manufacturers free rein to continually increase their prices. **New research shows this language (HB 153) now contained in Sub HB 110 will increase costs to small employers and other plan sponsors in Ohio more than $140 million over the next five years**.[1]

A drug formulary is a list of drugs that a health plan covers under its pharmacy benefit. The formulary is a reflection of the current clinical judgement of healthcare providers who are experts in the diagnosis and treatment of a wide range of conditions. There is no "one-size-fits-all" formulary and they are designed to reflect the needs of plan sponsors and the patients they serve to balance a cost-effective benefit with ensuring patient access to the prescription drugs they need. In short, the primary purpose of a formulary is to optimize patient care by ensuring the availability and affordability of clinically appropriate, safe and cost effective drugs.

Formularies are developed by a Pharmacy and Therapeutics (P&T) Committee. These committees are independent from the plan sponsor and PBM and are composed of primary care and specialty physicians, pharmacists, and other clinical experts who must disclose and appropriately handle any conflicts of interest. P&T Committees evaluate available scientific

[1] "Estimated Cost of Potential 'Frozen Formulary' Legislation". Milliman (2021)

**Pharmaceutical Care Management Association**
325 7th Street, NW, 9th Floor
Washington, DC 20004
**www.pcmanet.org**

evidence and clinical standards of practice to review and recommend the best drugs for various conditions. It is important to note that this review focuses ***only*** on clinical considerations, including medical literature, FDA approved prescribing information, safety data, and current therapeutic use. Economic factors only come into play after the P&T Committee has made its recommendations and typically only where there are multiple competing drugs in the same therapeutic category.

These committees meet regularly (typically quarterly), to review recent development, such as new drugs on the market or new safety or efficacy information for existing drugs. This regular review process helps prescribers and patients by recommending up-to-date prescribing guidelines and promote clinical information for high-quality, affordable care. In 2017 for example, P&T Committees would review 46 new drugs and biologics and 80 first-to-market generic drugs as those approvals cleared the U.S. Food and Drug Administration in 2017[2].

Although health plans use formularies, all PBMs and health plans have appeals processes in place for patients to request coverage of a drug that may not be covered. Health plans and PBMs are willing to work with a patient and his or her provider to provide access to non-formulary drugs where medically necessary or is likely to create the best outcome.

In addition to working with patients in accessing non-formulary medications, PBMs are also frequently monitoring the safety and efficacy of thousands of different therapies. PBM clinicians, coordinating pharmacy care for millions of Ohioans, are able to identify any safety issues related to a certain drug and quickly alert patients who may be effected. Often more quickly than a regulator. Preventing PBMs from quickly acting regarding safety concerns of a medication and adjust a formulary accordingly places patients at risk

Formulary flexibility during a plan year creates an environment where PBMs and plan sponsors (i.e. employers) can act nimbly in regards to the safety and efficacy of prescription drugs and continual price increases by drug manufacturers. In Indiana, a similar proposal was considered that would have placed similar restrictions on the state employee benefit program's formulary. A fiscal analysis indicated that the proposal would increase employee health plan premiums between $2.3-$5.2 million per year.[3] **And again, this new language from HB 153 that is now contained in Sub HB 110 is estimated to cost small employers and other plan sponsors in Ohio more than $140 million over the next five years**.[4]

For these reasons, PCMA respectfully opposes these newly added provisions to Sub HB 110. Legislation that seeks to restrict formulary flexibility eliminates a critical tool used to improve health outcomes and contain ever growing costs. We appreciate your consideration of our comments and stand ready to work with all of you in finding meaningful solutions so that all Ohioans maintain affordable access to prescription drugs.

[2] U.S. Food and Drug Administration. "Novel Drug Approvals for 2017," available at: https://www.fda.gov/drugs/developmentapprovalprocess/druginnovation/ucm537040.htm.
[3] http://iga.in.gov/static-documents/3/c/1/0/3c107847/SB0097.02.COMS.FN001.pdf
[4] "Estimated Cost of Potential 'Frozen Formulary' Legislation". Milliman (2021)