Testimony Opposing House Bill 153
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Pharmaceutical Care Management Association
The Ohio House Insurance Committee
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On behalf of the Pharmaceutical Care Management Association (PCMA), we appreciate the opportunity to provide opponent testimony to House Bill 153. 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 primary goal of any PBM is to put downward pressure on drug prices and the cost of providing comprehensive drug benefits for patients. PBMs work closely with plan sponsors, the entity providing drug benefits to their beneficiaries/enrollees or a businesses' employees, to design a plan that is able to provide pharmacy benefits that are in line with the goals and within the cost constraints of the plan sponsor. The entities who hire PBMs only have a set amount of money in which they can spend to provide adequate healthcare and pharmacy benefits to their employees. While employers or any other entity are not required to use a PBM, most choose to because of the proven tools and innovative management techniques they employ. The savings achieved by PBMs on behalf of employers and other plan sponsors are achieved a few ways including: negotiating discounts with retail pharmacies and price concessions with pharmaceutical manufacturers, managing formularies (i.e., the list of drugs covered under a given plan), and more.

When the tools PBMs use are constrained or eliminated, the unfettered increases in the price of prescription drugs set by manufacturers puts patients and plan sponsors at risk of either having to cut benefits or increase premiums, copays, and deductibles. Given that plan sponsors pay the vast amount of their members' or employee's prescription drug costs, they are essentially forced to create new benefit designs that keep monthly premiums or claims as low as possible.

While we understand the intent of this legislation, to ensure Ohioans have access to safe and affordable prescription drugs, it is likely that the unintended consequences associated with HB 153 will have the opposite effect. Instead, HB 153 will greatly constrict the use of an important tool used by PBMs to place downward pressure on the cost of prescription drugs by prohibiting plan sponsors and PBMs from designing a formulary that promotes the use of more affordable therapies and give drug manufacturers carte blanche authority to continually increase their prices. **In fact, research shows that proposals like that contained in HB 153 could cost Ohio patients and large and small employers $148 million over the next five years.[1] Additionally, a fiscal analysis performed on a similar proposal in Indiana, which was not enacted, indicated that state employee health plan premiums would increase between $2.3-$5.2 million per year.[2]**

[1] Estimate Cost of Potential 'Frozen Formulary' Legislation. Milliman (2021)
[2] http://iga.in.gov/static-documents/3/c/1/0/3c107847/SB0097.02.COMS.FN001.pdf

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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 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[3].

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, as laid out in HB 153, places patients at risk. Formulary flexibility during a plan year creates an environment where PBMs and plan sponsors can act nimbly in regards to the safety and efficacy of prescription drugs and continual price increases by drug manufacturers.

For these reasons, PCMA respectfully opposes HB 153 and urge you to vote 'no'. 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

[3] U.S. Food and Drug Administration. "Novel Drug Approvals for 2017," available at: https://www.fda.gov/drugs/developmentapprovalprocess/druginnovation/ucm537040.htm.

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to work with all of you in finding meaningful solutions so that all Ohioans maintain affordable access to prescription drugs.

Sincerely,

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