

Interested Party Testimony – Ohio HB 192

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Chairman Lampton, Vice Chair Craig, Ranking Member Hall, and members of the Ohio House Insurance Committee, my name is Antonio Ciaccia, and I am the President of 3 Axis Advisors. We are a consulting firm that works with government agencies, state auditors, state attorneys general, provider groups, research firms, technology companies, law firms, investment analysts, employers, benefit consultants, and industry disruptors to help demystify the complicated world of prescription drug pricing and pharmacy benefits management.

Our firm launched in 2019 on the heels of my time at the Ohio Pharmacists Association, where we had recently helped the state uncover \$244 million in hidden pharmacy benefit manager (PBMs) markups in the Ohio Medicaid managed care program. The fallout led to the sweeping policy changes, a firing of the PBMs working on behalf of the program, a complete managed care reprocurement, and a PBM settlement of \$88 million with Ohio Attorney General Dave Yost that stretched to over a billion dollars nationwide.

Today, my business is fed by drug pricing dysfunction. The more complicated, messy, and opaque our drug supply chain is, the better business is for consultants like me. That's a problem. It's a problem that patients, providers, government programs, and employers need expertise like ours in order to hold what should be such a simple transaction accountable.

The language in HB 192 – and other legislation of its ilk – is an unfortunate reminder that public health goals like pharmacy access, medication affordability, and lower overall healthcare costs don't just happen on their own. Sometimes, in the face of broken systems, it can take public policy to help foster a field of play that can be more hospitable to those goals.

I understand that sometimes these policymaking endeavors can be fraught with complication too, and sometimes, policy can be inappropriate or it can miss the mark or it can even make matters worse. I saw it in my own time working within the confines of the Statehouse.

HB 192 has a number of key features that help streamline and demystify the pricing environment in the PBM marketplace. The transparency provisions, the cost-based pricing modeling, the conflict of interest reductions, and the patient choice provisions are all key ingredients in recommendations we provide to plan sponsors when it comes to their own contracting with PBMs. I believe many of these provisions will help stabilize pharmacy

access, create better incentive alignment, and reduce unnecessary waste in employer spending.

My counsel to this committee is that despite these positives, I implore you not to view enactment of the legislation as “mission accomplished.” Just when you think you have the answers, the drug channel will change the questions. The payment benchmarking you have in this legislation is positive, but it isn’t impervious to the same kind of manipulation that the drug supply chain engages in today. I would advise you to keep a close eye on marketplace developments like rebate schemes or other forms of games that can be played to undermine the intent of your legislation. While I believe the legislation would make a marked improvement for providers, plan sponsors, and patients today, it is important to maintain a skeptical eye and laser focus on marketplace changes to ensure that the solution of today doesn’t become the problem of tomorrow.

These are not meant as endorsements or criticisms of the legislation, but to serve as a critical reminder that there is a lot of money sloshing around this system, and you should trust every drug channel participant will work to extract it by any means necessary.

I thank you for the opportunity to provide comments on HB 192, and I will happily answer any questions you may have.

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