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Senate Financial Institutions, Insurance and Technology
Sponsor Testimnoy for SB 207
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Chairman Wilson, Vice Chairman Lang, Ranking Member Craig, and members of the committee, thank you for the opportunity to testify on Senate Bill 207, which I am proud to sponsor with Senator Manchester. While this bill can sound complicated, in reality it is relatively simple. This bill states that any money that a health insurer receives on behalf of a patient should count towards the money that the person has to pay - and that health insurer can’t use loopholes to get out of counting this money.

Let me give you an example of how this works. Let’s say I have a prescription drug that costs $20,000 per year and I have a $5,000 deductible. This would mean I am responsible for paying $5,000 and my health insurance would be responsible for the remaining $15,000. For all other types of bills, it would not matter if my $5,000 came directly from my pocket, or if someone else paid that for me. However, with a co-pay accumulator policy in place, insurers only count some money they receive towards my portion and use the rest towards their share regardless of the intent of those paying. If a drug company creates a program that provides me with financial assistance because I can not afford the co-pay, insurers will accept the money, but they do not apply it towards my portion of the bill despite the intention of the manufacturer. If I receive $1500 in assistance it wouldn’t change the $5000 I owe or make it so I can afford a needed medication, instead it decreases the $15,000 the insurer had contracted to pay. This would happen if it is a church, community, or non-profit organization that sets up an assistance program as well. Co-pay accumulators allow insurers to use these funds to offset their portion, rather than help people get needed medications.

Financial assistance programs and co-pay cards are important in helping people get the treatments they need, particularly those with rare illnesses requiring specialty medications. For someone with hemophilia, it is critical that they are able to get regular clotting factors in order to survive.They can not ‘shop’ for a different medicine based on coupon availability like we might for groceries.

I have heard insurers argue that prohibiting co-pay accumulator programs will cause physicians to choose the most expensive medication because a coupon is available. This completely misses the mark. For so many who have coverage where co-pay accumulators are in effect, there is only one medication that works. Even in cases where there are more, choosing a treatment is an individualized and complex decision. We do not commit patients to the most expensive medication based on marketing. If drug companies are working to lower prices in order to influence prescribing practices, I am happy for them to compete to do so. I will prescribe the medication that works best for my patient.

Rising drug prices make it harder and harder for patients to afford necessary medications. Too often, I see patients try to stretch their prescriptions, by skipping doses or rationing pills, in an effort to save money. Invariably this leads to worse and more expensive outcomes. Drug manufacturers and non-profit groups should be able to help bring down out of pocket costs for people who need financial assistance without insurers taking these funds. I urge you to pass this Senate Bill 207. We are happy to take questions at this time.