

WITNESS INFORMATION FORM

Please complete the Witness Information Form before testifying:

Date: 4-10-18

Name: MARY HAFFENBREDL

Are you representing: Yourself _____ Organization

Organization (If Applicable): AMERICA'S HEALTH INSURANCE PLANS

Position/Title: SENIOR REGIONAL DIRECTOR, STATE AFFAIRS

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Business before the committee

Legislation (Bill/Resolution Number): HB 72

Specific Issue: _____

Are you testifying as a: Proponent _____ Opponent Interested Party _____

Will you have a written statement, visual aids, or other material to distribute? Yes _____ No _____

How much time will your testimony require? WRITTEN ONLY

Please provide a brief statement on your position:

Please be advised that this form and any materials (written or otherwise) submitted or presented to this committee are records that may be requested by the public and may be published online.

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April 11, 2018

Representative Stephen Huffman, Chair
House Health Committee
77 S. High Street, 12th Floor
Columbus, OH 43215

Re: HB 72 – Step Therapy Protocols

Dear Representative Huffman:

I write today on behalf of America's Health Insurance Plans (AHIP) in opposition to HB 72, legislation that would impose overly broad limitations on step therapy prescription drug benefits.

AHIP is the national association whose members provide insurance coverage for health care and related services. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access and well-being for consumers.

Pharmaceutical advances have brought about life-saving medications that have revolutionized the treatment of certain diseases. Moreover, prescription drug coverage is an essential health benefit under government programs, such as Medicaid and Medicare, and private health insurance. Health insurers have provided affordable coverage of prescription drugs through innovative pharmacy programs designed to ensure that patients have access to medically necessary care at an affordable cost.

Step therapy for prescription drugs is one utilization protocol that health insurers use to control health care costs and ensure patient safety. It requires drug therapy for a medical condition to begin with the safest and most cost-effective drug before progressing to other more costly or risky therapies. This bill would place overly broad restrictions on the use of step therapy, hindering health insurers' use of this important tool and limiting its effectiveness.

Restrictions on Step Therapy can be Detrimental to Patient Safety.

Step therapy encourages physicians and patients to undertake a more evidence-based, measured approach to treatment that is tailored to the individual by gauging a patient's response to less harmful medications before graduating to the more potent and high-risk drugs. For potentially addictive and abused drugs, health insurers implement step therapy protocols as a way to maximize treatment and disease management while reducing the risks associated with overmedication, prescription drug abuse, and addiction.

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Restrictions on Step Therapy Increase Health Care Costs to Consumers and Small Businesses

Over the last several decades, the use of prescription drugs has increased significantly and now accounts for approximately 14 percent of total claims paid by health insurers.¹ According to the Centers for Medicare and Medicaid Services in 2011, prescription drug expenditures were \$276 billion and were the third highest category of health expenditures behind physician and clinical services (\$538 billion) and hospital charges (\$831 billion). The Congressional Budget Office has indicated that, in the absence of common utilization techniques, premiums for plans would be 5 to 10 percent greater than they currently are.²

Research regularly indicates that, without adequate cost containment measures, prescription drug costs drastically increase, especially for treatments still under patent (“brand” medications). Limiting the ability of health plans to promote alternative treatments to higher risk and potentially dangerous, addictive medications fails to address the unsustainable increases in health care costs and has a serious potential to harm. Such increases in the cost of prescription drug coverage would dramatically impact the ability of many individuals to obtain affordable health care coverage and threatens the ability of small employers to provide coverage for their employees.

This bill places overly broad restrictions on step therapy.

Requiring a step therapy exception to be approved based on anything other than clinical evidence is too broad and subjective. Step therapy protocols are developed using U.S. Food and Drug Administration (FDA) guidelines, clinical evidence, and research to ensure that patients are taking the most appropriate medications. An exception based on an undefined and subjective determination of “best interest” cannot be allowed to supersede a clinical determination. Asking for a clinical justification for an exception is a reasonable part of the process, and one which health insurance providers always consider.

While we agree that patients who have been taking a medication for a long period of time should not be subjected to step therapy, we do not agree that a step therapy exception should be granted simply because a patient is stable on a prescription drug. For example, a patient may be given samples of a prescription drug from their provider. If the patient takes these drugs without adverse side effects, the patient would be classified as stable and therefore would be exempt from being evaluated for safer or more affordable medications. Requiring the patient to be allowed to continue to use the sampled drug eliminates one of the key functions of a step therapy protocol: the use of cost-effective alternative treatments in the place of more expensive or higher

¹ PricewaterhouseCoopers, “The Factors Fueling Rising Healthcare costs”. Accessible at https://www.ahip.org/uploadedFiles/Content/News/Press_Room/2008/Resources/TheFactorsFuelingRisingHealthcareCosts2008.pdf

² Congress of the United States Congressional Budget Office, “Key Issues in Analyzing Major Health Insurance Proposals,” 2008. Accessible at <http://www.cbo.gov/sites/default/files/12-18-keyissues.pdf>

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risk medications. Allowing samples to dictate future treatment is a slippery slope towards unsustainable increases in health care costs.

For these reasons, AHIP must respectfully oppose HB 72.

If you have any questions, please do not hesitate to contact me at mhaffenbredl@ahip.org (202-413-9817).

Sincerely,

A handwritten signature in blue ink, appearing to read 'MHaffenbredl', written in a cursive style.

Mary Haffenbredl
Senior Regional Director, State Affairs