Written Opponent Testimony – House Bill 418 (Prescription Drugs, Medication Switching)
House Health Committee
November 10, 2020

Chairman Lipps, Ranking Member Boyd and Members of the House Health Committee:

On behalf of the Pharmaceutical Care Management Association (PCMA), we appreciate the opportunity to provide opponent testimony to House Bill 418. 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.

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 418 will have the opposite effect. Instead, HB 418 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 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.

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. 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[1].

[1] 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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Although health plans use formularies, 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 affected. 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 can act nimbly in regard 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. However, a fiscal analysis indicated that the proposal would increase employee health plan premiums between $2.3-$5.2 million per year.[2]

For these reasons, PCMA respectfully opposes HB 418. 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.

Sincerely,

Connor Rose
Director, State Affairs

[2] http://iga.in.gov/static-documents/3/c/1/0/3c107847/SB0097.02.COMS.FN001.pdf

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