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House Bill 509 Sponsor Testimony
House Insurance Committee
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Chairman Lampton, Ranking Member Jarrells and members of the House Insurance Committee, thank you for the opportunity to provide sponsor testimony on House Bill 509 “Share the Savings”.

This bill directly addresses prescription drug rebates that pharmaceutical manufacturers negotiate with Pharmacy Benefit Managers (PBMs) by offering discounts on the costs of medicines in exchange for them to be included on drug formularies. The intent of this dynamic was to create savings to PBMs and insurers that would be used to lower premiums for their enrollees.

In reality, health insurance companies and PBMs are not passing along these savings to patients and consumers. In most cases, PBM’s and insurers are **pocketing** the savings they receive from the rebates, that they themselves negotiate, while patients who are in their deductible phase or face co-insurance payment mandates do not get the benefit of these negotiated rates.

This comes as the three largest PBMs with 80% of the market share have made their way to become some of the largest companies in the United States since their inception 15-20 years ago.

Unfortunately, a dynamic that was supposed to be a cost-savings measure for patients and consumers has become a funnel for profit at the expense of our constituents. For those who oppose this premise the question is simple: If PBMs are so effective as the sole entity that reduce the costs of prescription drugs, why do costs and premiums continue to increase?

To be clear, HB 509 would only require PBMs and insurers to pass along the rebates and discounts extracted from drug manufacturers to patients ***who are in the deductible phase of their out-of-pocket payments or are subjected to co-insurance requirements mandated by their insurance coverage.***

This is a huge issue for many consumers who are now insured by high deductible plans; plans that many employers are being steered to and feature often high levels of out-of-pocket costs for the employee/consumer. In most insurance plans, patients in the deductible phase of their insurance coverage are paying in essence “full price” for their medications and are not paying the negotiated rate that was agreed to by their PBMs/insurers and drug manufacturers.

HB 509 simply helps patients by allowing them to benefit from the rebates and discounts paid by drug manufacturers to PBM’s and not allow the PBMs to continue to keep those monies as

profit. We believe that this bill, in turn, will address the fact that in today's market - the cost to patients is often much higher than the cost to their PBM or insurance company for the same medication on the same prescription.

We are also confident that our friends in the PBM and insurance arena are already telling you that HB 509 will raise costs; a refrain that is very familiar to members of the General Assembly whenever *any* legislation is introduced that will impact their current business models for the benefit of patients and potentially lowering costs to consumers.

However, West Virginia and Arkansas, which have the most experience with this policy, have not seen premium increases for employers that is out-of-line with national premium increases and those increases have not been directly caused by Share the Savings efforts in those states.

We have provided the recent Milliman study on Arkansas concerning that state's implementation of their Share the Savings legislation for the Committee's review. Mr. Chairman and members of the committee, the data is crystal clear – HB 509 is *proven* policy that will not result in any significant increases in insurance premiums.

Many patients are facing financial hardships to pay, not only for their medications, but for other health care services as well. Financial assistance for these patients actually exists, and one form of this financial assistance is the negotiated discounts or rebates mandated by PBMs and insurers; however, these negotiated savings are not being passed on to the patients.

Patients are often in a position of deciding to ration medications to reduce cost – which for many chronic conditions results in poorer health and potential complications. As a nurse, I've seen firsthand the problems that can arise when patients are unable to afford their medications. Near the beginning of my career, I often took care of a young patient with type 1 diabetes. Her family was unable to afford the out-of-pocket cost for her insulin and they would try to ration her doses, frequently administering smaller doses than needed in hopes that the insulin vial would last longer. Frequently this would result in her getting very sick and ending up in the hospital – which ultimately cost much more than a vial of insulin would have cost. But not having the money up front to pay for inflated drug costs is a reality for many Ohioans.

By passing the negotiated medication savings onto patients, more patients will be able to take their prescribed medications, resulting in better managed chronic diseases, shorter duration of acute illnesses, and avoidance of more costly complications involving emergency room visits, urgent care visits, and hospitalizations.

HB 509 is a commonsense solution to help lower the cost of prescription medications for patients by allowing them to receive the fair price of medications that have been negotiated by a PBM or insurance companies.

Several states have enacted, or are considering, similar legislation. West Virginia, the first state to implement a Share the Savings bill in January 2022, and Arkansas, the second state to enact this legislation. Share the Savings bills have also passed both Indiana and New Mexico. Twenty

additional states have introduced this legislation, including many of the states around us – Kentucky, Tennessee, Michigan, Illinois, Virginia.

At a time when the public is concerned with rising costs of all health care services, passing HB 509 will result in our constituents seeing a real and immediate savings on all their medications while they are in the deductible or co-insurance phase of their plan.

Mr. Chairman, members of the Insurance Committee, thank you again for allowing us to present sponsor testimony on HB 509 and we would be happy to take any questions at this time.