

# Statement



In Opposition to Connecticut Senate Bill 1048  
March 2, 2009

**Position: PhRMA opposes efforts to include Medicaid populations in bulk purchasing programs for prescription medicines that include other state and private insurance programs because a single formulary used across diverse patient populations is unable to meet diverse patient health needs. In addition, the legislation is unlikely to receive required Federal approval.**

SB 1048 would require the Commissioners of Public Health and Social Services and the Comptroller to develop a plan to (1) implement and maintain a prescription drug purchasing program and procedures to aggregate or negotiate the purchase of pharmaceuticals for pharmaceutical programs benefiting Medicaid, other state programs (e.g., the HUSKY Plans, coverage for inmates), and persons eligible for private insurance coverage and (2) join an existing multistate pharmaceutical purchasing pool.

The Pharmaceutical Research and Manufacturers of America (PhRMA) does not oppose state efforts to utilize buying power to secure discounts on prescription medicines as long as individual patient needs can be met and the program receives federal approval. However, SB 1048 intends to include non-Medicaid and Medicaid patients in the same purchasing pool. The Centers for Medicare and Medicaid Services (CMS) has never approved a purchasing pool as created in SB 1048 that combines Medicaid patients, prisoners, other state insurance programs, and private entities. CMS has publicly explained that a state must demonstrate that "the requirement sufficiently benefits the Medicaid population as a whole by making available to financially needy individuals medically necessary prescription drugs, thereby improving their health status and making it less likely that they will become Medicaid eligible." It is unlikely that CMS would consider all the entities contained in SB 1048's purchasing pool as "financially needy" and likely to become Medicaid eligible solely because they don't receive drugs at a price set by the purchasing pool.

In addition, bulk purchasing programs that include multiple patient populations may not meet the medical needs of individual patients and are counterintuitive to State Preferred Drug Programs. Because patient populations vary by state and program as do preferred drug lists (PDLs), it is likely that states would sacrifice their specific needs when pooled with other states (i.e., to achieve optimal savings, states would have to agree on a single PDL).

- Buying medicines is not like buying computers or desks. If an out-of-state entity not controlled by Connecticut is establishing the preferred drugs that Connecticut physicians must prescribe and Connecticut patients must take, it is Connecticut and not that out-of-state entity that will incur any additional costs. If patients cannot receive the healthcare provider's first drug choice, it may result in additional physician office visits to change those medications and monitor their use, as well as a potential increase in emergency room visits and hospitalizations.
- The healthcare needs of the Medicaid population (e.g., low-income children, low-income disabled, and certain institutionalized individuals) and that of other state programs (e.g., HUSKY B; those who are privately insured) differ with respect to formulary rules and drug preferences—what is appropriate for one sub-group may be inappropriate for another. Ignoring special population needs could result in increased hospitalization and primary care costs for Medicaid as patients seek to deal with access problems.

For these reasons, PhRMA asks Connecticut legislators to oppose SB 1048.