

Statement Before
The Insurance and Real Estate Committee
Thursday
February 11, 2010

Re: SB 15: An Act Concerning Prescription Drug Copayments

Good Afternoon Rep. Fontana, Sen. Crisco and members of the Insurance Committee. My name is Margherita Giuliano. I am a pharmacist and the Executive Vice President of the Connecticut Pharmacists Association. The Connecticut Pharmacists Association is a professional organization representing 1000 pharmacists in the state of Connecticut. I am here today to speak in strong support of **SB 15: AAC Prescription Drug Copayments**

We have testified before this committee for the last several years regarding some of the practices of the large Pharmacy Benefit Managers. The mail order component and the differential copay structure has been a critical issue for our members. I am pleased that the committee is looking at this.

The proposed legislation really addresses a variety of tactics that Pharmacy Benefit Managers and insurers have used to steer patients out of community pharmacies and into their own mail order pharmacies. Independent pharmacies across the state have been asking for resolution to the issue that allows a PBM to be both the manager of the drug benefit and the provider of the drug benefit and to compete directly against its own network of pharmacies. We have always considered this a clear conflict of interest. It is even of greater concern since the PBM unilaterally determines the reimbursement of the drugs to the pharmacies.

Currently, the pharmacy benefits that include a mail order option, more often than not, do not allow retail pharmacies to fill a 90-day supply of medications. If they do allow the pharmacies to fill the 90-day supply, it comes with the higher copay - so there is an incentive for the consumer to mail away. Some of the plans now state that if the patient chooses to continue receiving their medications at community pharmacies the cost of the drug will not be covered at all. We believe that if patients were allowed to get the 90-day supply locally for the same copay patients would choose their local pharmacy where they can ask questions and receive answers about their medications directly. This legislation clearly addresses this issue by prohibiting insurance policies to use these incentives and restrictions to coerce patients to mail away.

I have included with my testimony many of the letters that patients receive "steering" them to mail order or to use the better marketing term - "home delivery". As you can see from these letters patients are told that if they continue to receive their medications at retail they will either pay higher co-pays or they will have to pay 100% of the cost of the drug.

This week's Hartford Courant reported that CVS Caremark's profits rose 11 percent in the 4th quarter surpassing rivals like Walgreens and Rite Aid. Revenue grew 7 percent to \$25.92 billion dollars! The PBM, Caremark, boasted revenue increases of 14.5%. In a note to clients, one analyst stated that CVS is

gaining market share due to programs like CVS's Maintenance Choice Program which allows plan members to pick up 90-day prescriptions at CVS stores rather than getting them by mail. Interesting "choice" of words – "maintenance choice". Of course CVS's business is going to increase when they steer their competitor's patients into their own pharmacies. These companies are supposed to have firewalls to protect patient information and other pharmacies proprietary information. One has to question if these firewalls actually exist when the non CVS pharmacy claim information is used to market to clients without the small pharmacies knowledge.

I've also provided you with an article that talks about a study that was recently conducted that demonstrated that CVS Caremark charges more for generic drugs to the Federal Employees and US Government than to walk-in customers. Isn't CVS Caremark the PBM administering the prescription drug benefit for the state employees and legislators? We believe if proper audits were conducted evidence of the increased cost through mail order and this generic issue could be validated. We have asked our Attorney General to look into these issues but have not yet received a response..

From an economic standpoint – the more prescriptions that are taken out of the retail pharmacies, the less you will be collecting in revenues from these pharmacies. With all this business going out of state, pharmacies are laying off personnel adding to the unemployment in CT. In this difficult economic time, if we close businesses we put people out of work. I know that legislators are concerned this session about jobs and small businesses. Differential copays are destroying both.

Mail order might serve a purpose, but it is not the best health care. The practice of pharmacy is more than just getting the right drug to the right patient. It is about ensuring that the patient understands why they are taking the medication and what possible side effects they might encounter. With a state filled with a diverse and aging population, the best way to accomplish this is through face-to-face encounters with the pharmacist. We ask that true choice be given to patients as to where they want to have their medications filled. We ask that this vertical integration of pharmacy owned PBMs be investigated. We ask that we be given a chance to compete on a level playing field. Most importantly, we appreciate this committee's interest in working with pharmacy to address this issue.

courant.com/business/nationworld/wire/sns-ap-us-earns-cvs-caremark,0,5393937.story

Courant.com

CVS profit rises in 4th quarter as revenue from Caremark pharmacy benefits unit increases

MARLEY SEAMAN

AP Health Writer

12:29 PM EST, February 8, 2010

NEW YORK (AP) — CVS Caremark Corp., one of the nation's biggest drugstore operators, said Monday its profit rose 11 percent in the fourth quarter as results improved for its pharmacy benefits management business.

CVS shares rose \$1.95, or 6.3 percent, to \$33.02. in afternoon trading.

The Woonsocket, R.I., company said it earned \$1.05 billion, or 74 cents per share, in the last three months of 2009, up from \$949 million, or 65 cents per share, a year earlier. Excluding one-time costs, CVS earned 79 cents per share — a penny ahead of the average analyst estimate, according to Thomson Reuters.

HOW OLD ARE YOU REALLY?
Take the **RealAge** TEST & Find Out!



CLICK YOUR AGE

20-29 years
30-39 years
40-49 years
50-59 years
60-69 years
70-90 years

RealAge[®]
Your FREE 90 Day Plan
to Look & Feel Young

Revenue grew 7 percent to \$25.82 billion from \$24.14 billion but fell short of Street estimates of \$26.22 billion.

The company did not disclose any new contract losses for its Caremark pharmacy benefits management business and sought to reassure analysts that the billions in contracts it has lost were a one-time problem.

In November, the company said Caremark had lost about \$4.8 billion in contract revenue for 2010.

Per Lofberg, who became president of Caremark in January, said the losses were caused by "isolated issues which have been corrected," and not by a fundamental problem with Caremark or the company's business plan.

"I don't see any systemic issues that could hold the company back this year," he said. It is early in the selling season for contracts that begin in 2011 and the company did not disclose any signings.

Chief Financial Officer Dave Denton said the company was not doing enough to explain its capabilities as a pharmacy benefits manager and put more emphasis on additional services.

At Caremark, which handles drug benefits for health plan sponsors and members, revenue grew 14.5

percent to \$13.49 billion. Revenue from CVS drugstores rose 4.5 percent to \$14.46 billion. Some revenue is counted for both businesses when they are broken down individually.

Denton said consumers are still cautious due to the rough economy, and as a result, CVS is selling more store brand products. During the Christmas season he said CVS focused on small gifts and carried fewer seasonal items like wrapping paper or tree trimmings.

In a note to clients, Deutsche Bank analyst Bill Dreher said CVS is gaining market share, and sales at stores open at least a year are still better than rivals like Walgreen and Rite Aid. He said clients like CVS's Maintenance Choice program, which allows plan members to pick up 90-day prescriptions at CVS stores rather than getting them by mail.

During the fourth quarter, the company opened 23 retail pharmacies, relocated eight, and closed six. It also closed two specialty pharmacies, leaving it with 49. CVS now has a total of 7,025 drugstores. That is about 100 fewer stores than rival Walgreen Co. had at the end of January.

For the year, CVS said its profit grew 16 percent to \$3.7 billion, or \$2.55 per share, from \$3.2 billion, or \$2.18 per share. Revenue rose 13 percent to \$98.73 billion from \$87.47 billion.

For CVS, the fourth quarter of 2009 was three days shorter than the fourth quarter of 2008. That's because the company changed the end of its fiscal year to Dec. 31. Its fiscal year used to end on the Saturday closest to Dec. 31.

The company said it expects an adjusted profit of \$2.74 to \$2.84 per share for 2010, and said revenue will be flat to up as much as 2 percent — or as much as \$100.7 billion. Analysts expect \$2.78 per share and \$100.5 billion.

That includes an adjusted profit of 57 cents to 59 cents per share in the first quarter. Analysts were expecting 62 cents per share.

Copyright 2010 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

Search search...

Drugstores Change to Win Study Shows Drug Manager CVS Caremark Charges More for Generic Drugs to Federal Employees and US Government than Walk-in Customers

Change to Win Study Shows Drug Manager CVS Caremark Charges More for Generic Drugs to Federal Employees and US Government than Walk-in Customers

A new study released today by Change to Win shows that pharmacy benefits manager CVS Caremark charges its largest customer -- the US government -- and millions of federal employees more for hundreds of generic drugs than participants in its retail generics discount program. In comparing these sets of prices, researchers found that the federal government and FEP plan participants paid more for 85% of the generic drugs available in CVS's generics discount program. The report shows that if CVS Caremark offered the government and federal employees its publicly available \$9.99 generic discount program price, taxpayers and federal workers could save hundreds of millions of dollars. A new study released today by Change to Win shows that pharmacy benefits manager CVS Caremark charges its largest customer -- the US government -- and millions of federal employees more for hundreds of generic drugs than participants in its retail generics discount program.

The study, "CVS Caremark's Generic Rip Off," compares drug prices paid by the federal government and its employees covered by CVS Caremark through the Federal Employee Program (FEP) to drug prices for individuals using CVS's generics discount program available at its retail pharmacies. This program -- the "Health Savings Pass" (HSP) -- is available to anyone who enrolls and makes many generic prescriptions available for \$9.99 for a 90-day supply.

In comparing these sets of prices, researchers found that the federal government and FEP plan participants paid more for 85% of the generic drugs available in CVS's generics discount program. In some cases, the differences were significant -- sometimes more than three times as much as the prices for individuals using CVS's \$9.99 generics discount program. The report shows that if CVS Caremark offered the government and federal employees its publicly available \$9.99 generic discount program price, taxpayers and federal workers could save hundreds of millions of dollars.

"It's the job of pharmacy benefit managers like CVS Caremark to negotiate the lowest possible price on prescription drugs for their clients," said Jasmin Weaver of Change to Win. "So why is the company charging federal employees, the US government and thus American taxpayers more than it charges an individual who is not even using insurance?"

Nearly five million federal employees, retirees and their dependents are covered by CVS Caremark through the FEP, which generates over \$4 billion of annual revenue for the company.

Findings Underscore Need for PBM Reform within FEHBP

The findings released today emphasize the need for reform in the way pharmacy drug benefits are managed within the larger Federal Employees Health Benefits Program (FEHBP). Moreover, the price differentials suggest broader problems with CVS Caremark's transparency and accountability and reiterate the FEHBP's need for PBM reform. In January, Representative Stephen Lynch (D-MA) introduced legislation that, if passed, would reform contracts between health insurers that cover federal employees through the FEHBP and pharmacy benefit managers (PBMs). The "FEHBP Prescription Drug Integrity, Transparency, and Cost Savings Act" provides for greater oversight to ensure plan participants receive the lowest drug prices and prohibits the FEHBP from contracting with companies that operate both a PBM and retail pharmacies.

CVS Caremark's higher prices under the federal prescription plan call into question whether the company is really acting in the financial interests of its largest client -- the US government -- and whether the PBM-retailer model creates value for plan participants.

[Click here to download a copy of the full report, "CVS Caremark's Generic Rip Off."](#)

Alarmed About CVS Caremark is a Change to Win initiative to educate consumers, health plan managers and trustees about CVS Caremark, the country's largest pharmacy benefits manager (PBM) and largest retail pharmacy chain. Our reports, *CVS Caremark: An Alarming Prescription* and *CVS Caremark: An Alarming Merger*, detail the troubling patterns exhibited by both CVS and Caremark prior to their merger, and explores the new risks presented by the merged entity CVS Caremark.

About Change to Win

Change to Win is a six million member partnership of unions founded in 2005 to represent workers in the industries and occupations of the 21st century economy. Change to Win is committed to restoring the American Dream for a new generation of workers -- wages that can support a family, affordable health care, a secure retirement, and the opportunity for the future. The affiliated unions are: Service Employees International Union, United Food and Commercial Workers International Union, International Brotherhood of Teamsters, Laborers' International Union of North America, and United Farm Workers of America.

A service of YellowBrix, Inc.





#4

12/23/2009

Rec'd
12/28/09

[Redacted]
[Redacted]
BRACON FALLS, CT 06403

MCh

Reference ID: 6904736

Dear [Redacted],

Your prescription benefit plan is designed to help save money on long-term* prescriptions. To do so, your plan requires that you now choose to receive a 90-day supply of medicines through CVS Caremark Mail Service or at a CVS/pharmacy location.

You recently filled your long-term prescription(s) listed below at another pharmacy. If you continue to use this pharmacy for additional refills of these long-term prescriptions, the cost of the medicine will not be covered based on your prescription benefit plan.

It's easy to move your long-term prescriptions.

To obtain your 90-day supply at your choice of either CVS Caremark Mail Service Pharmacy or a CVS/pharmacy location, call us toll-free at (888) 769-9030. Our Customer Care team will take care of obtaining your new 90-day prescription(s) from your doctor and arrange for your next fill. This will ensure that you will continue to have coverage for your prescriptions and refills.

For your convenience, our records show you filled the following long-term prescriptions at a pharmacy other than CVS Caremark Mail Service Pharmacy or a CVS/pharmacy:

Medication Name	Prescription Number	Filled On
LEVOTHYROXINE SODIUM	0155966	12/18/2009

CVS Caremark is dedicated to helping you conveniently manage your prescription benefit plan. Remember, you can always learn more about your prescription benefit and saving money by visiting Caremark.com.

Sincerely,

The Customer Care Team
CVS Caremark

*A long-term medicine is taken regularly for chronic conditions or long-term therapy. Examples include medicines for managing high blood pressure, asthma, diabetes or high cholesterol.
Your privacy is important to us. Our employees are trained regarding the appropriate way to handle your private health information.
This page contains references to brand-name prescription drugs that are trademarks or registered trademarks of pharmaceutical manufacturers that are not affiliated with CVS Caremark.
5287-34473j 0509 618597025



September 23, 2009

[Redacted]



Dear [Redacted]

We'd like to tell you about a new choice for filling your long-term* prescriptions that will help you save money.

Starting October 1, 2009, you will be able to receive 90-day** supplies of your long-term medicines through CVS Caremark Mail Service Pharmacy or at a CVS/pharmacy location. The choice is up to you: The coinsurance* is the same either way.

This is an important choice to avoid higher costs. Your plan allows up to three 30-day fills of long-term medicines at a network retail pharmacy. After that, your coinsurance will double under your plan if you continue to get 30-day supplies at a network retail pharmacy. You can choose to avoid the increase in coinsurance if you switch to having 90-day supply prescriptions filled through CVS Caremark Mail Service Pharmacy or a CVS/pharmacy location.

Consider what choice works best for you:

Advantages of CVS Caremark Mail Service:	Advantages of a CVS/pharmacy location:
<ul style="list-style-type: none"> Enjoy convenient home delivery 	<ul style="list-style-type: none"> Pick up your long-term medication directly from the pharmacy at a time that is convenient for you
<ul style="list-style-type: none"> Receive medication in confidential, tamper-resistant and (when necessary) temperature-controlled packaging 	<ul style="list-style-type: none"> Enjoy same-day prescription availability
<ul style="list-style-type: none"> Talk to a pharmacist by phone 	<ul style="list-style-type: none"> Talk face-to-face with a pharmacist

Already using mail service? If you want to continue, there's nothing else you need to do. If you'd like to switch to a CVS/pharmacy store, you can do so by visiting your local CVS/pharmacy or by calling toll-free 1-800-897-6435.

If you are using a non-CVS retail pharmacy, CVS Caremark will contact you after your last 30-day fill before the copay increases under your plan. We'll help you get a 90-day prescription by contacting your doctor and arranging for your next fill to be ready when you need it through your choice of mail service or CVS/pharmacy.

Questions? Call us toll-free at 1-800-897-6435 or visit www.caremark.com.

Sincerely,

Your Customer Care Team
CVS Caremark

*A long-term medicine is taken regularly for chronic conditions or long-term therapy. Examples include medicines for managing high blood pressure, asthma, diabetes or high cholesterol.

**Quantities may vary depending on plan design.

*Copayment, copay or coinsurance means the amount a plan participant is required to pay for a prescription in accordance with a Plan, which may be a deductible, a percentage of the prescription price, a fixed amount or other charge, with the balance, if any, paid by a Plan. Your privacy is important to us. Our employees are trained regarding the appropriate way to handle your private health information.



#3

12/16/2009

Rec'd 12/22/09

~~XXXXXXXXXX~~
~~XXXXXXXXXX~~
BEACON FALLS, CT 06403

MCh

Reference ID: 6857394

Dear ~~XXXXXXXXXX~~

Your prescription benefit plan is designed to help save money on long-term* prescriptions. To do so, your plan requires that you now choose to receive a 90-day supply of medicines through CVS Caremark Mail Service or at a CVS/pharmacy location.

You recently filled your long-term prescription(s) listed below at another pharmacy. If you continue to use this pharmacy for additional refills of these long-term prescriptions, the cost of the medicine will not be covered based on your prescription benefit plan.

It's easy to move your long-term prescriptions.

To obtain your 90-day supply at your choice of either CVS Caremark Mail Service Pharmacy or a CVS/pharmacy location, call us toll-free at (888) 769-9030. Our Customer Care team will take care of obtaining your new 90-day prescription(s) from your doctor and arrange for your next fill. This will ensure that you will continue to have coverage for your prescriptions and refills.

For your convenience, our records show you filled the following long-term prescriptions at a pharmacy other than CVS Caremark Mail Service Pharmacy or a CVS/pharmacy:

Medication Name	Prescription Number	Filled On
POTASSIUM CHLORIDE	0149285	12/8/2009
FOLIC ACID	0140785	12/8/2009

CVS Caremark is dedicated to helping you conveniently manage your prescription benefit plan. Remember, you can always learn more about your prescription benefit and saving money by visiting Caremark.com.

Sincerely,

The Customer Care Team
CVS Caremark

*A long-term medicine is taken regularly for chronic conditions or long-term therapy. Examples include medicines for managing high blood pressure, asthma, diabetes or high cholesterol. Your privacy is important to us. Our employees are trained regarding the appropriate way to handle your private health information. This page contains references to brand-name prescription drugs that are trademarks or registered trademarks of pharmaceutical manufacturers that are not affiliated with CVS Caremark.
5287-14473; 0509 618197025

Prescription Drug

For 2010, your prescription drug costs will be based on three levels of prescription drugs, which may affect how you pay for your prescription drugs at the retail pharmacy and through the mail.

- Retail Pharmacy Benefits
- Medco By Mail Benefits
- Three-Level Prescription Drug Schedule
New for 2010
- Save on Your Prescription Drugs in 2010 with Medco

Retail Pharmacy Benefit

- some "BWA PT"

You can visit a retail pharmacy for a 30-day supply of a medication prescribed by your doctor. For maintenance medications you take for longer than 30 days, your first three (3) 30-day supply retail fills are at the standard retail pricing. Subsequent retail fills will incur additional costs.

Starting in 2010, your prescription drug costs will be based on three levels of prescription drugs. See the chart below to learn more about your 2010 retail pharmacy benefits.

Retail Pharmacy ¹ (30-day supply)		
	Coinsurance % (after \$25 annual deductible)	Max
Generic	20%	\$40
Preferred Brand ²	30%	\$60
Non-Preferred Brand ²	40%	\$80

¹Benefits for participating retail pharmacies. Costs for participating pharmacies are based on the discounted network price. For non-participating pharmacies, costs are based on the retail price.

²You pay the amount shown plus the cost difference between the brand name and generic, if a generic is available. When you use a non-participating pharmacy, you also pay the cost difference between the retail price and the discounted network price.

Coinsurance is the cost of healthcare services that you and the plan share each time you receive a service. For retail preferred brand drugs, you are responsible for paying 30% of charges, subject to no minimum and a \$60 maximum. Verizon Wireless pays 70% of charges and anything above the \$60 maximum.

Medco By Mail Benefit

You can receive prescription drugs in the mail, in the amount of a 3-month (90-day) supply. By using Medco By Mail, you may save money on longer-term maintenance medications. Keep in mind that you must receive all specialty medications through mail order.

Starting in 2010, your prescription drug costs will be based on three levels of prescription drugs. See the chart below to learn more about your 2010 mail order prescription drug benefits.



Teamsters Rx

Pharmacy Benefit Manager

November 13, 2009

*Sikorsky
Union
plan*

Dear Fellow Teamster,

Local 1150 will join Teamsters Rx effective January 1, 2010.

Teamsters Rx is a pharmacy benefit manager (PBM) and a mail-order pharmacy staffed by members of Teamsters Local 633 in Manchester, NH. Your current ID card will be deactivated at the end of December. Give your new Teamsters Rx ID card to your pharmacy when obtaining a prescription on or after January 1, 2010.

If you or any of your dependents use medication on a regular basis (~~maintenance medications~~) please complete the patient profile and credit/debit card forms in the packet and mail or fax the forms to the Teamsters Rx mail-order pharmacy. It is important to do this as soon as possible, before January, so that we can enter your information into our mail-order pharmacy computer system. Then, two weeks before you need the medication, please have your doctor call, fax, mail or e-prescribe your prescription to Teamsters Rx Pharmacy.

Using the Teamsters Rx mail-order pharmacy saves money for you and your Teamster Fund.

Teamsters Rx: Telephone 1-866-888-0103

Fax 1-603-413-6410

In late December, when you receive your card, be sure to check it for the accuracy of your name and all your eligible dependents. If any information is incorrect contact Access Direct for UTC at 1-800-243-8135. You will need your new Teamsters Rx card for non-maintenance or emergency ~~prescriptions at retail pharmacies.~~

NOTE: *The Teamsters Rx card is honored in retail pharmacies across the country. The Teamster Rx card will not work at Wal-Mart and Sam's Club pharmacies.*

Specialty medications are dispensed through Ascend Specialty Pharmacy. **Specialty medications** are usually injectable medications for specific diseases and limited to a 30 day supply.

Examples of medications: Enbrel, Humira, Copaxone, Avonex, Rebif, etc.

Please call the Teamsters Rx pharmacy for further information on specialty medications.

Sincerely,

Your Brothers and Sisters of Teamsters Rx Pharmacy and PBM

PPO and Aetna HMO

Prescription Drug Plan Change

The prescription drug benefit is changing. You will pay the following per prescription:

	Retail (at Sodexo supply)			Mail Order (for 90 day supply)		
	Copay or Coinsurance	Minimum	Maximum	Copay or Coinsurance	Minimum	Maximum
Generic	\$10	N/A	N/A	\$20	N/A	N/A
Brand Name	10%	\$35	\$100	10%	\$8750	\$200
Non-Formulary Brand Name	30%	\$50	\$150	30%	\$125	\$300

PPO

Retail Refill Allowance (RRA)

Using the PPO Plan's mail order pharmacy program can help you save money on your prescription drugs, offers free shipping, 24/7 access to pharmacists, and safety checks for drug interactions. Because of these great benefits, Sodexo is changing the prescription drug plan to encourage you to use the mail order pharmacy.

Very important: If you do not use mail order for your maintenance medications and you use a retail pharmacy, you will be allowed the initial prescription filled and 2 additional refills per drug. After the 2 refill maximum, you may continue to use retail, however, the prescription will not be covered and you will have to pay 100% of the cost of the medication. You will be notified prior to your final refill of the need to move your prescription to mail order.



Northwest
Utilities System



EXPRESS SCRIPTS®

July 2009

638305 200900934 1055

[REDACTED]

BEACON FALLS, CT 06403

*SPECIFIC MEDS BLANKED
OUT FOR THAT
PURPOSES -
R-12*

Dear [REDACTED]

Certain maintenance medications covered under the NUSSCO Retiree Health Plan have been available to you in a 90- or 100-day supply for a single retail copayment. According to our pharmacy records, you have received the following medication(s)

[REDACTED]

which fall into this category.

You recently received a letter regarding benefit administration changes that included the Exclusive Home Delivery program for maintenance medications. As a reminder, coverage for the medications listed above and all other maintenance medications will be available only by using the Express Scripts Home Delivery Pharmacy, effective August 1, 2009.

To prevent this change from costing you more, the medications listed above will be available for the same retail copayment when you have them filled using the Express Scripts Home Delivery pharmacy.

If you need assistance setting up your prescriptions through Express Scripts Home Delivery pharmacy or you have questions about your prescription drug coverage, please contact Express Scripts toll-free at 1-800-825-4879.

Sincerely,

Express Scripts