

March 1, 2011

TCSH

Statement
Of
Anthem Blue Cross and Blue Shield
On
SB 1084 An Act Concerning Out-Of-Pocket Expenses For Nonpreferred Brand Name Drugs

Good afternoon, Senator Crisco, Representative Megna and members of the Insurance and Real Estate Committee. My name is Christine Cappiello and I am the Director of Government Relations for Anthem Blue Cross and Blue Shield in Connecticut. I am here today to reluctantly speak on **SB 1084 An Act Concerning Out-Of-Pocket Expenses For Nonpreferred Brand Name Drugs**.

We oppose this bill because it is not needed. The Department of Insurance already prohibits mandatory or closed formularies in Connecticut. Thus, physicians are already free to prescribe any drug they feel is medically justified for their patient. While it is true that Anthem like most managed care plans has a formulary, and encourages physicians and patients to use the drugs on the formulary, the physician is always free to prescribe any drug he feels is necessary for the patient's well being. If the drug is not on the formulary, the physician may be asked to justify why the prescribed drug should be paid for, but he is never prohibited or penalized for prescribing a non-formulary drug.

Prescription drugs are the fastest growing expense line in all of health insurance. Between 1993 and 1998, prescription drug costs increased 84% while total benefit payment grew only 26%. Even more startling, private third party expenditures on prescription drugs grew 130% during this period while total benefit payments grew only the 26% already cited. Prescription drugs are clearly the fastest growing cost segment in this market. Interestingly, during this same period, consumer out-of-pocket spending on drugs grew only 17%. Thus, as a share of total private spending on prescription drugs, consumer direct spending decreased from 51% in 1993 to only 35% in 1998.

This is not a bad thing, prescription drugs are increasingly effective in curing illness and relieving symptoms, and we are happy that more and more people are having prescription drug coverage provided to them in their group health insurance coverage. However, as spending increases dramatically, we are asked to find ways to hold down costs, so that employers can afford to provide this type of coverage. We are increasingly concerned that if we are not allowed to provide some structure to this benefit, employers will simply stop covering prescription drugs all together.

I would also like to mention that one of the problems of this bill is that it would limit our ability to coordinate prescription drug coverage. To work with physicians to find the best, most effective drug for their patients. The first drug prescribed by a physician may not be the best drug for every patient. There are often interactions possible with another drug that has been prescribed by a different physician without the knowledge of the new doctor. One of our most effective quality improvement measures is the checking of prescriptions for drug interactions, and for efficacy of alternative medicines.

Thank you for the opportunity to speak to you today and I welcome any questions you might have.