Statement PhRMA

In Opposition to the Step Therapy Proposal in the Connecticut Pharmacy Budget

February 21, 2013

PhRMA opposes step therapy or fail first policies. The proposal in the Connecticut Pharmacy Budget that would require Medicaid patients to fail first on a preferred drug before obtaining prior authorization to receive a non-preferred drug could impede timely access to needed prescription medicines and risk patient health. The State's intent is to save money in the Medicaid budget, yet this policy could have the opposite effect and dramatically increase costs.

The Pharmaceutical Research and Manufacturers of America (PhRMA) appreciates the State's need to find savings in its pharmacy budget at a time when states are facing fiscal budget crises. However, implementing a blanket policy that requires any Medicaid patient requiring a non-preferred drug to first fail on a preferred therapy can have negative consequences on a patient's health that can require more physician, hospital and emergency room visits—spending that can dramatically increase costs to the state.

Physician costs and hospital costs are among the largest line items in the health care budget. It seems counter-productive to implement a policy of minimal savings in one line item (pharmacy) that could result in larger increases to Medicaid's largest line items of the budget, i.e., hospital and physician costs. Patients who are required to follow step-therapy policies may frequently request additional visits to their physicians or require increased acute care hospital visits due to receiving inadequate medication regimens. For example, depression is difficult to treat and maintain treatment levels once a patient is stabilized. An analysis of data from the Centers for Medicare and Medicaid Services, HHS Office of Inspector General, and Lewin Group[1] indicates that only 4% of Medicaid spending is on brand prescriptions, but 13.8% is on professional services and 38% is spent on hospital care.

Allowing bureaucratic decisions to dictate the drug choices that are available to Connecticut patients goes against medicine's best practice of trying to get medicines to the right patients at the right time.

Prescribers should have the final say in the medicine a patient receives, not state regulators. Patients' health and well-being as well as preserving the physician-patient decision-making authority should be the focal point for all decisions regarding drug treatment regimens. Patients who do not get the right medicine, based on cost alone, may not only suffer medically, but may also require more costly treatment in the short- and long-term. In fact, many states have recognized issues associated with step therapy and have taken steps to prohibit or limit such policies when it is in the best interest of the patient. States include: Arkansas, Connecticut, Louisiana, Mississippi, Texas, Utah, California, and Massachusetts.

Given that step therapy policies can jeopardize patient health and significantly increase spending in other areas of the Connecticut Budget, PhRMA urges legislators to oppose the step therapy proposal in the pharmacy budget.

[1]PhRMA analysis based on data from Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group, National Health Expenditures Data, Table 4 (January 2012); U.S. Department of Health and Human Services, Office of Inspector General, Higher Rebates for Brand-Name Drugs Result in Lower Costs for Medicaid Compared to Medicare Part D (August 2011); The Lewin Group, Potential Federal and State-by-State Savings if Medicaid Pharmacy Programs were Optimally Managed (February 2011).

Pharmaceutical Research and Manufacturers of America

*125 Washington Street, Unit #1 * Foxboro, MA* (508) 698-4994*