



Quality is Our Bottom Line

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Insurance Committee Public Hearing

Thursday, February 5, 2015

Connecticut Association of Health Plans

Testimony in Opposition

Proposed Bill 21 AAC Health Insurance Coverage of Abuse Deterrent Opioid Analgesics

The Connecticut Association of Health Plans urges the Committee's rejection of SB 21 AAC Health Insurance Coverage of Abuse Deterrent Opioid Analgesics. One only has to "Google" the subject to learn that there are various schools of thought on whether such drugs actually deter abuse. Some purport that proposals like SB 21 are actually detrimental in that they may mislead consumers into believing that "abuse deterrent" drugs are potentially less addictive than other painkillers in the same class when that's simply not true. The labeling of such drugs as "abuse deterrent", as we understand it, relates predominantly to creating an inability to alter the form of the medication as it's been prescribed my means such "crushing". But because many people who use and/or abuse opioids take them orally in pill form, we have to look very carefully at proposals like SB 21 to assure that they achieve their desired outcome.

The Association would respectfully encourage the legislature to ask the hard questions that need to be answered around this proposed legislation before moving it forward such as: 1) why are these proposals being introduced now when the technology has been around for several years, and 2) do the introduction of these "abuse deterrent" drugs extend their patent protection thereby preventing less expensive generics from being offered to consumers? These are questions that must be given consideration before the state makes the policy decision to move in a direction that will likely add additional cost to the health care insurance premium dollar.

It's also important to note that any new mandate is subject to the provisions of the Affordable Care Act (ACA) in that individual states are required to pick-up their associated cost if passed. Please consider a 2013 OLR summary which reads:

The Affordable Care Act (P.L. 111-148) allows a state to require health plans sold through its exchange to offer benefits beyond those already included in its "essential health benefits," but the act requires the state to defray the cost of these additional benefits. The requirement applies to mandates enacted after December 31, 2011. As a result, the state would be required to pay the insurance carrier or enrollee to defray the cost of any new benefits mandated after this date.

It's worth noting that none of the mandates under consideration by the Committee would apply to those individuals, including state employees, who are covered by self-insured plans. The burden of new mandates would fall only on the fully-insured market which is generally made up of the smallest employers who are least able to afford premium increases.

More and more companies and government entities that can afford to take the risk of moving to self-insured status do - meaning they set their own benefit structures, outside the scope of mandated benefits, and assume liability for the associated claims cost. The ratio of self-insured to fully-insured groups in CT is now nearing 60% to 40%. As the ACA recognizes, the system cannot continue to absorb the additional costs of new mandates.

Prescription drug prices are one of the fastest growing components of health care costs today. The Health Insurance Association of America predicts that spending on prescription drugs will increase annually an average of 10 to 13%. The reasons for such staggering increases are varied: the FDA is approving new drugs faster, the population is aging, the pharmaceutical companies are employing very aggressive marketing strategies and the new high tech sophisticated drugs are great but they're expensive.

Understandably, employers who generally pay the bulk of health insurance premiums have looked to their health insurers and pharmacy benefit managers (PBMs) for tools to help manage the escalating costs. Policies like SB 21 which dictate certain cost reimbursement structures end up restricting the ability of health plans to offer affordable benefit packages. When you consider SB 21 in concert with its companion bill in the General Law Committee HB 5784, which would prohibit pharmacists from making a substitution when an abuse-deterrent opioid is prescribed, you can quite clearly envision the trajectory of increased costs. The Association respectfully urges your rejection.

Many thanks for your consideration.