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Insurance and Real Estate Committee
March 10, 2016
American Cancer Society Cancer Action Network Testimony

RE: SB 373 AN ACT LIMITING CHANGES TO HEALTH INSURERS' PRESCRIPTION DRUG FORMULARIES

The American Cancer Society Cancer Action Network (ACS CAN) supports SB 373 AN ACT LIMITING CHANGES TO HEALTH INSURERS' PRESCRIPTION DRUG FORMULARIES. ACS CAN, the nonprofit, nonpartisan advocacy affiliate of the American Cancer Society, supports evidence-based policy and legislative solutions designed to eliminate cancer as a major health problem. As the nation's leading advocate for public policies that are helping to defeat cancer, ACS CAN ensures that cancer patients, survivors, and their families have a voice in public policy matters at all levels of government.

In 2015, an estimated 1.7 million Americans will be diagnosed with cancer, and approximately 14.5 million Americans are cancer survivors. In 2011, $88.7 billion was spent on direct medical costs for cancer treatment in the United States, nearly $10 billion of which was spent on prescription medications. Increasingly, prescription drugs to treat cancer are targeted to specific molecules involved in the growth or spread of particular cancers, meaning drugs are not necessarily interchangeable, and most of these targeted medications are not yet available in generic form.

A prescription drug formulary is a list of the prescription medications covered by a health plan. Health plans typically decide what prescription drugs to cover on their formularies based on plan-sponsored reviews of the medical efficacy, safety, and cost-effectiveness of particular drugs.

Prescription drug formularies are a way for health insurance plans to control costs and encourage the use of lower cost medications. Formulary design often encourages the use of generic medications, which cost less than the equivalent name-brand medications. Health plans also use formularies to encourage the use of lower-cost brand drugs over higher-cost brand drugs with similar effectiveness, and to discourage the use of less effective drugs.

Medicare Part D protects a beneficiary who is taking a particular drug by prohibiting Part D issuers from amending the plan's formulary mid-year for that individual. No such protection exists in the small group or individual marketplace. Thus, it is possible that a plan could offer a formulary to prospective enrollees and then significantly change the

formulary mid-year, thereby essentially denying coverage for drugs to treat a specific disease or condition.

This bill would prohibit Individual or group policies from the removal or reclassification in a higher cost-sharing tier of a covered prescription drug from its formularies for the duration of the policy term, unless a drug has been found to be unsafe per the FDA or peer reviewed literature. It does still allow for additions.

We respectfully urge a Joint Favorable report.

Bryte Johnson
Government Relations Director
American Cancer Society Cancer Action Network

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