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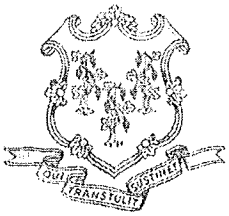

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Good morning Senator Larson, Senator Kelly, Representative Scanlon and members of the Insurance and Real Estate Committee I would like to express my support for SB 925 (RAISED) AN ACT CONCERNING THE COST OF PRESCRIPTION DRUGS AND VALUE-BASED INSURANCE DESIGN. I would also like to express my appreciation to Comptroller Lembo for his extraordinary work on this important issue. This bill addresses value based design in health insurance as well as prescription drug transparency. I have been working with the Comptroller and several other groups on the issue of prescription drug transparency and regulation.

This proposal includes needed patient protections such as mandating that if a health insurance plan has a prescription drug co-pay that is a percentage of the cost of the drug, that the copay be calculated off the net price not the retail price. The net price should be calculated not only to include the discount off the retail price that the insurer pays up front but also by the rebate that the insurer gets from the pharmaceutical company for selecting the specific drug. This bill also prohibits insurers from reimbursing for drugs given in physicians' offices at a percentage of the cost of the drug. The cost of infusions services would seem to be unrelated to the cost of the drug and it would seem that a flat fee for infusion services would be more rational. Basing the reimbursement on the drug cost would appear to create an incentive for the use of more expensive drugs.

In addition to those patient protections, the bill sets up pharmaceutical transparency standards for drugs over a certain cost and for drugs with price increases over a certain percentage. I stand in strong support of these provisions. The legislation also recreates the much needed task force on pricing of pharmaceuticals.

I firmly believe that this legislation should go even farther and I look forward to working with you and the Comptroller to protect patients and improve transparency of prescription drug pricing. I am attaching my testimony on SB 442 and 445 which includes additional patient protections.

Thank you for hearing this important bill.