CPA CONNECTICUT PHARMACISTS ASSOCIATION

Testimony before the Insurance and Real Estate Committee
March 6, 2018

HB 5384 An Act Concerning Prescription Drugs

Good Afternoon Senator Larson, Senator Kelly, Representative Scanlon, and members of the Committee. My name is Margherita Giuliano. I am a pharmacist and Executive Vice President of the Connecticut Pharmacists Association, a professional organization representing close to 1,000 pharmacists in the state, and I am submitting testimony on **HB 5384 An Act Concerning Prescription Drugs.**

The CPA **supports** this legislation in concept because it is a good first step to improve transparency among pharmaceutical manufacturers, pharmacy benefit managers (PBMs) and insurers. This proposed legislation directly aligns with the vision of the Recommendations on Pharmaceutical Cost Containment Strategies report, which the Governor's Healthcare Cabinet established this year. CPA is proud to play an active role in the Cabinet, which gathered input from a variety of stakeholders about the factors behind higher consumer prescription drug costs.

Although this bill is a great first attempt to address higher prescription drug costs fueled by pharmaceutical manufacturers and PBMs, we feel that the proposed legislation does not go far enough to protect patients from being exploited. This legislation gives the insurer a pathway to make a complaint about a rise in prescription drug costs. Without an audit process in place, however, there is no way of ensuring whether the complaint and the response to the complaint made to the Insurance Commissioner is meaningful and credible. Time and time again, pharmacists tell CPA how their patients are being overcharged in the current payment model. For example, a patient who has a health care plan with one of the biggest insurers in the state paid $190 for a prescription drug, yet the pharmacy only received reimbursement of $72 for that drug. Where did the remaining $118 go? Did the PBM receive all $118 or only a portion of it? Did the insurer get a share of that money? We don't know. What we do know is that patients continue to struggle to pay higher and higher prices as their premiums continue to rise. Why hasn't the negotiated drug price had a positive impact on reducing prescription drug costs for patients? Patients continue to pay drug costs based on what the pharmacy pays, however, the PBM negotiates a lower price that is never passed through to the consumer.

We point to Section 6 of this bill, which requires managed care organizations to report "the majority of any rebate" for a prescription drug covered in a patient's healthcare plan. Without the ability to audit the PBM, how do we know if they are passing on the majority of the rebate? Why should the patient only receive the majority of the rebate? Is 51% enough? This section falls short in ensuring that patients are truly benefiting from the PBMs negotiating prices on their behalf. A co-pay should be based on the price that the PBM negotiated on behalf of the patient, not what the pharmacy actually has to pay for the drug—especially for patients who have a high-deductible plan and pay based on a percentage of cost.

In summary, we will continue to support any bills that address more transparency from pharmaceutical manufacturers and PBMs, but we want to see legislation extend beyond additional reporting requirements for prescription drug rebates and prescription drug costs. More importantly, with the evolving trends of vertical integration in the healthcare landscape (i.e. the acquisition deal between a major PBM and a Hartford-based insurer), how will we ensure transparency between the entities since they are now under one company? Is that really benefiting the patient?