



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony Insurance and Real Estate Committee March 6, 2018

House Bill No. 5384 An Act Concerning Prescription Drug Costs.

Committee Chairs, Vice Chairs, Ranking Member, and Members of the Insurance and Real Estate Committee, the Insurance Department appreciates the opportunity to submit testimony on **House Bill No. 5384 An Act Concerning Prescription Drug Costs.**

The Insurance Department's mission is consumer protection. The Department has been an active participant on the Health Care Cabinet and its various subgroups and has provided technical expertise and made recommendations that continue to promote consumer choice and affordability. The Department is opposed to Sections 1, 2, 3, and 6 and provides a technical comment in Section 4.

Section 1 would require that pharmacy benefit managers (PBMs) submit certain data, on an annual basis, to the Insurance Department for review. The Insurance Department has regulatory authority over insurance carriers. To the extent that an insurance carrier contracts with a PBM, the Department has regulatory authority over the insurance carrier and the carrier's oversight of the PBM. The Department correctly does not have direct regulatory authority over PBMs as they are not insurance companies. The Department does not have the subject matter expertise to oversee PBMs and lacks the personnel required to implement this section.

Section 2 would require health insurance carriers to make additional reports to the Insurance Department and require the Department to publish the information. This section is unnecessary as all of the requested data is already collected and published in the Department's annual [Consumer Report Card on Health Insurance Carriers in Connecticut](#)¹ which is available on the Department's website and hard copies are free of charge upon request. The Report Card is a user-friendly, comprehensive document that allows consumers and public policymakers to meaningfully compare insurance carriers on a variety of factor, including quality measures.

Section 3 would give the Insurance Department regulatory authority over prescription drug manufacturers. Like PBMs, prescription drug manufacturers are not insurance companies and it would be improper for the Department to have this authority. The Department does not have the subject matter expertise or personnel required to implement this section. Finally, the Department will be publishing a Bulletin this year requesting prescription drug data from health carriers to include as part of their future rate filings, beginning in 2019. Examples of some items that will be included in the Bulletin are the top 25 highest-cost prescription drugs and the top 25 most utilized drugs.

¹ <http://www.ct.gov/cid/lib/cid/2017ConsumerReportCard.pdf>

About the Connecticut Insurance Department: The mission of the Connecticut Insurance Department is to protect consumers through regulation of the industry, outreach, education and advocacy. In 2017, the Department recovered almost \$7 million on behalf of consumers and regulates the industry by ensuring carriers adhere to state insurance laws and regulations and are financially solvent to pay claims. The Department's annual budget is funded through assessments from the insurance industry. For every dollar of direct expense, the Department brings in more than \$5.00 to the state in revenues. In 2017, the Department returned about \$125 million in assessments, fees and penalties to the state's General Fund.



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

If passed into law, the Department would have to hire additional staff and take on additional administrative expense to implement Sections 1 through 3 and estimates that the cost would exceed \$250,000 annually.

Section 4 inappropriately includes the Department in data disclosure which it does not possess because it does not have oversight of a state program.

Section 6 would place prescription rebates at the pharmacy counter when a consumer is purchasing a prescription when they have coinsurance and/or a deductible that has not yet been met. Currently prescription drug rebates, that health carriers negotiate, are included in their rate filings as a reduction to pharmacy claims and results in lower overall premiums to consumers. This recommendation² would remove those pharmacy rebates from health carriers' rate filings, **resulting in no reduction to pharmacy claims and an increase in existing overall premiums to consumers of 3 percent to 4 percent. For those carriers that negotiate their own pharmacy rebates the increase to premiums would be higher than the range provided.**

The Department thanks the Insurance and Real Estate Committee Chairs and members for the opportunity to submit testimony on House Bill No. 5384.

² The Health Care Cabinet report references a study to show that small changes in member cost share for prescription drugs can have a significant impact on medication adherence. In other words, if people have lower out-of-pocket costs for their prescription drugs they are more likely to take them, stay healthier and reduce overall medical costs. The study however, is actually a literature review of articles published from 1974 to 2008 – compiled information that is nearly 45 years old in some cases to support a policy recommendation for 2018. The information predates the following: the Affordable Care Act, the proliferation of specialty drugs and the era of pharmaceutical manufacturer consolidation. Additionally, this study was funded by a pharmaceutical company. This compilation of decades-old articles that states that taking your prescription drugs is good for you was paid for by a prescription drug maker.

About the Connecticut Insurance Department: The mission of the Connecticut Insurance Department is to protect consumers through regulation of the industry, outreach, education and advocacy. In 2017, the Department recovered almost \$7 million on behalf of consumers and regulates the industry by ensuring carriers adhere to state insurance laws and regulations and are financially solvent to pay claims. The Department's annual budget is funded through assessments from the insurance industry. For every dollar of direct expense, the Department brings in more than \$5.00 to the state in revenues. In 2017, the Department returned about \$125 million in assessments, fees and penalties to the state's General Fund.