



July 12, 2019

Assemblywoman Pam Hunter
Honorable Chair
Rep. Tom Oliverson
Honorable Vice Chair
NCOIL Health Insurance & Long-Term Care Issues Committee

RE: Comments on the Prescription Drug Costs Model Act

Assemblywoman Hunter, Representative Oliverson and Members of the Health Committee:

On behalf of the Pharmaceutical Care Management Association (PCMA) I appreciate the opportunity to comment on the NCOIL Model Act Concerning Prescription Drug Costs. PCMA supports transparency across the supply chain, including transparency that empowers patients, prescribers, clients, and policymakers to make informed decisions that lead to optimal health outcomes and lower costs. PBMs provide patients and physicians with real-time electronic tools to determine formulary coverage and cost-sharing at the point of prescribing. PCMA is the national trade association for PBMs, which administer prescription drug plans for more than 266 million Americans with health coverage provided by large and small employers, health insurers, labor unions, and federal and state-sponsored health programs.

PCMA and our member companies want to recognize Representative Oliverson for his work on Texas HB 2536 during the 2019 session that included input from all stakeholders including health plans, PhRMA, PCMA, and the Texas AARP who helped shape this legislation into what ***The Houston Chronicle* heralded as one of the “toughest drug pricing bills” in the nation.** Jamie Dudensing, the CEO of the Texas Association of Health Plans, added her praise in a recent edition of *The Business of Health Care in North Texas* saying, “**The Legislature’s passage of Dr. Oliverson’s bill shows that Texas is joining the fight against the high cost of prescription drugs, and we look forward to seeing the positive impact drug transparency makes on Texans’ pocket books.**” HB2536 was a “**major step to address the skyrocketing cost of prescription drug prices that are making it harder for Texans to afford the medicines they need**” according to AARP of Texas.

One of the strengths of the bill, as noted by the sponsor during the NCOIL CIP meeting, was language added by Senator Kelly Hancock, Chair of the Texas Committee on Business and Commerce. The Chair’s amendment to HB 2536 increased the percentage change of the wholesale acquisition costs that would then require pharmaceutical manufactures to report certain information and would aggregate the rebate information reported by PBMs and health plans before publishing the data. This important clarification protects proprietary, private business and competitively sensitive information.



It appears not all of the Texas amendments were included in the 30-day materials possibly due to timing issues with the closing of the Texas session on Memorial Day and the 30-day material deadline.

PCMA worked with the stakeholders in Texas throughout the process and supported Senator Hancock's amendment that protected proprietary and competitively sensitive data. PCMA supports the insertion of similar language such as "**The commissioner shall aggregate the data and publish the aggregated data from all reports for that year required by this section in an appropriate location on the department's Internet website. The combined aggregated data from the reports must be published in a manner that does not disclose or tend to disclose proprietary or confidential information of any pharmacy benefit manager or health plan [Carrier/Insurer]**" in both Sections 5 & 6 of the NCOIL Model Act.

PBMs negotiate on behalf of their clients and consumers to keep a lid on overall costs for prescription drugs with market-based tools that encourage competition among drugmakers and drugstores. Additionally, through formulary management they incentivize consumers to take the most cost-effective, clinically appropriate medications for treatment of their illnesses for better health outcomes. PBMs support and practice transparency that empowers patients, their providers, plan sponsors, and policymakers, so that there is informed decision-making that can lead to lower prescription drug costs.

PBMs are the advocates for consumers and health plan sponsors in the fight to keep prescription drugs accessible and affordable.

We appreciate the commitment and continued efforts of Rep. Oliverson and the NCOIL Health Insurance and Long-Term Care Issues Committee on this important topic and support the inclusion of the Texas amendment in the final draft of the NCOIL model act.

If you have any questions, please feel free to contact me at 270-454-1773.

Best Regards,

A handwritten signature in black ink, appearing to read "Melodie Shrader", written in a cursive style.

Assistant Vice President – State Affairs
Melodie Shrader