

April 30, 2025

The Honorable Marvin L. Abney, Chairman  
Of the House Finance Committee  
Rhode Island State House  
Providence, RI 02903

**RE: AHIP Comments on H.5463, An Act Relating to State Affairs and Government – Office of Health and Human Services – OPPOSE**

To Chairman Abney and Members of the House Finance Committee,

On behalf of AHIP, we offer the following comments in opposition to H.5463, which restricts managed care organizations' (MCOs) contract options with pharmacy benefit managers (PBMs), particularly regarding the broad prohibition on contracted PBMs from employing all utilization management processes, including prior authorization (PA). While we are aligned with Rhode Island's commitment to increased access to high-quality, affordable health care, we are concerned this bill would undermine patient safety and affordability while doing nothing to control the soaring prices of prescription drugs.

**Health plans partner with PBMs to obtain affordable and accessible medications for patients.**

Health plans are on the side of patients, tasked with lowering prices to ensure access to medications for employers and individuals they serve. Many health plans choose to partner with pharmacy benefit managers (PBMs) to negotiate with drug manufacturers who often hold monopoly power over medicines and who have little to no incentive to negotiate with health plans.

By partnering with PBMs, health plans can use PBMs' technology-based tools and programs to drive value, efficiency, and effectiveness that ensure patient access. PBMs are able to represent the covered lives of all their plan sponsors and health plan clients, enabling patients to obtain the medications they need at the lowest possible cost. PBMs also help plan efforts to ensure patients receive safe, evidence-based care, and prior authorization provides a critical layer of support and oversight in such efforts.

The proposed amendments to 42-7.2-5, Section 16(i)(D) require PBMs to "Cease utilization management processes, including prior authorization," and other important tools. If all monitoring tools, such as PA, are removed, Rhode Island patients will face increased risk of receiving inappropriate or low-value services that are not consistent with evidence-based standards, leading to potential harm and higher costs.

**PA protects patient safety.** PA is a proven tool to ensure that patients receive safe, effective, and evidence-based care. It serves as a critical safeguard to prevent unnecessary or inappropriate treatments that could result in harm. For example:

- **Preventing low-value or inappropriate services.** PA protects patients from receiving services that do not improve outcomes and can lead to more unnecessary care, potential harm, and

avoidable costs. PA can ensure that appropriate alternatives are used, consistent with evidence-based guidelines and providers' own recommendations.<sup>1</sup>

- **Preventing dangerous drug interactions.** PA helps prevent dangerous drug interactions and help ensure medications and treatments are safe, effective, and appropriate for a patient's specific condition.
- **Ensuring drugs are used as clinically indicated.** PA acts as a guardrail to ensure that medications are not used for clinical indications other than those approved by the Food and Drug Administration.

Medical knowledge doubles every 73 days<sup>2</sup> and, to keep up with these changes, studies show that primary care providers would need to practice medicine nearly 27 hours per day.<sup>3</sup> This is why it is so important that health plans, providers, and hospitals work together to ensure treatments delivered to patients align with nationally recognized, evidence-based clinical criteria, protecting patients from unnecessary, potentially harmful drugs and services.

**PA helps reduce patients' health care costs.** In addition to promoting safe, evidence-based care, PA helps keep coverage as affordable as possible. At a time when experts agree that roughly a quarter of all medical spending is wasteful or low-value, PA is instrumental in combating rising costs by addressing overuse and low-value care that cost the U.S. \$340 billion annually.<sup>4</sup> Eighty-seven percent of doctors have reported negative impacts from low-value care,<sup>5</sup> and an AHIP clinical appropriateness project with John Hopkins found that about 10% of physicians provided care inconsistent with consensus and evidence-based standards.<sup>6</sup>

By guiding patients to the right care, at the right time, in the right setting, PA reduces wasteful spending and helps ensure health care dollars are used efficiently, while protecting patients from low-value care.

It is important for policymakers to consider how the prohibition on PA in H.5463 could result in higher costs for Rhode Island patients and purchasers of health care. Two recent studies quantify these costs for policymakers:

- A Milliman study found that removing PA could raise premiums by \$20.10 to \$29.52 PMPM nationwide, totaling \$43–\$63 billion annually in the commercial market, threatening affordability in an already costly system.<sup>7</sup>
- In Massachusetts, a separate study added an examination of the “sentinel effect” of eliminating PA to quantify the costs related to requests for authorizations that were previously unsubmitted

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<sup>1</sup> [Prior Authorization Promotes Evidence-Based Care That Is Safe and Affordable for Patients.](#) AHIP. November 2023.

<sup>2</sup> Densen, Peter. [Challenges and Opportunities Facing Medical Education.](#) Transactions of the American Clinical and Climatological Association 2011.

<sup>3</sup> Porter J, Boyd C, Skandari MR, Laiteerapong N. [Revisiting the Time Needed to Provide Adult Primary Care.](#) Journal of General Internal Medicine. January 2023.

<sup>4</sup> [Low-Value Care.](#) University of Michigan V-BID Center. February 2022.

<sup>5</sup> Ganguli, Ishani. [Characteristics of Low-Value Services Identified in US Choosing Wisely Recommendations.](#) JAMA Internal Medicine. February 1, 2022.

<sup>6</sup> [Clinical Appropriateness Measures Collaborative Project.](#) AHIP. December 2021.

<sup>7</sup> Busch, Fritz S., and Stacey V. Muller. [Potential Impacts on Commercial Costs and Premiums Related to the Elimination of Prior Authorization Requirements.](#) Milliman. March 30, 2023.

when PA was in place because providers did not expect an approval. In that study, the estimated premium increases jumped to \$51.19 to \$130.28 PMPM if PA were eliminated entirely.<sup>8</sup>

**AHIP Recommendation.** For all these reasons, **AHIP urges you not to pass H.5463.** AHIP stands ready to work together with Rhode Island policy makers to ensure every patient has access to the high quality, affordable drugs that they need while also balancing patient safety.

Sincerely,



Sarah Lynn Geiger, MPA  
Regional Director, State Affairs  
America's Health Insurance Plans

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<sup>8</sup> Busch, Fritz S. and Peter Fielek. [\*Potential Impacts on Costs and Premiums Related to the Elimination of Prior Authorization Requirements in Massachusetts\*](#). Milliman. November 29, 2023.