

The Honorable Susan R. Donovan, Chair, House Committee on Health and Human Services  
House Committee on Health and Human Services  
Submitted via email: [HouseHealthandHumanServices@rilegislature.gov](mailto:HouseHealthandHumanServices@rilegislature.gov)

RE: HB 7539; An Act Relating to Insurance – Step Therapy Protocols

Dear Chair Donovan and Members of the Health & Human Service Committee,

On behalf of Blue Cross & Blue Shield of Rhode Island (BCBSRI), I am writing to express several concerns with this proposal. BCBSRI share's the sponsors' interest in assuring patient access to prescription drugs they need to treat their medical conditions. However, the proposal creates a process that would weaken health plans' ability to provide members with access to safe and cost-effective medications, thereby increasing premiums and/or cost sharing for Rhode Island employers and individuals. Just as smart shoppers look for options that cost less and work just as well, step therapy encourages utilization of safe, effective and affordable medication. For a very limited number of drugs, an incremental "step" approach is used to ensure the most appropriate and affordable medication is available to patients.

**Restrictions on step therapy will increase costs for individuals and employers.** Step therapy is an important tool to ensure safety, quality and affordability of the medications. Last year BCBSRI paid over \$500 million dollars to cover our members' 7 million pharmacy claims. Pharmacy costs now exceed 20% of the health insurance premium. This legislation reduces plan's ability to get the best value for its members and would increase costs, in three ways:

- Drug utilization management programs saved BCBSRI members nearly \$10 million dollars.
- Drug manufacturers would increase drug prices as a result of impact on plans' negotiation power.
- This legislation creates a new "exception" process, adding administrative expenses and additional regulatory burden.

**Employers and individuals purchasing health insurance want their plans to control the rising costs of drugs.** There are no limits in the United States on what drug manufacturers sets as the price of prescription drugs. Commercial insurers have limited negotiation power. Step therapy directs patients and prescribers away from more expensive, highly advertised treatments when less costly, therapeutically equivalent, options are available.

Without drug utilization management programs, constituents would have to pay much more for their health insurance. For example, a month's supply of brand name cholesterol lowering statin costs over \$440, while the generic is \$10. For the cost of treating one member who gets the brand name drug, a health plan could cover the costs of 44 members who access the generic with the same active ingredient.

**Patient safety is a core consideration in designing step therapy programs.** Insurers utilize Pharmacy and Therapeutics (P&T) Committees to monitor latest clinical studies and new drug options. At BCBSRI, a panel of twelve experts, including ten practicing local physicians and two community pharmacists, comprise our P&T Committee. Only one of the members of the Committee is a BCBSRI employee, the others are practicing professionals in the community.

The P&T review helps ensure patients are first prescribed the safest treatment for their condition. For example, a program for anti-psychotic medications put a patient first on short-acting oral medications for a minimum period to establish stable effects and tolerance prior to allowing use of long-acting injectable medications.

The P&T Committee reviews hundreds of medications to determine which drugs are appropriate for step therapy management. Currently, the Committee has determined that approximately 200 drugs are appropriate for step therapy, out of over 20,000 medications on our formulary.

**BCBSRI implemented programs to simplify the administrative work for prescribers.** To make the approval process easier for doctors and other prescribers, BCBSRI adopted a web-based application called Cover My Meds. BCBSRI's systems automatically look back at claims to determine if a member had already tried one of the prerequisite drugs. If so, they are automatically approved for the other drug.

**Medicare plans utilize step therapy.** The Centers for Medicare and Medicaid (CMS) issued rules for plans to utilize step therapy. Drug manufacturers dislike programs like step therapy because it gives health plans an important tool in negotiating for lower prices. Medicaid plans similarly use step therapy.

For these reasons, BCBSRI is opposed to this legislation as submitted. We appreciate your consideration of these concerns. Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Shawn R. Donahue". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Shawn R. Donahue, Managing Director  
Government Relations