



March 6th, 2025

The Honorable Susan Donovan
The Honorable Joshua Giraldo
Members, House Health and Human Services Committee
House Lounge - State House
82 Smith St.
Providence, RI 02903

**RE: H 5429 AN ACT RELATING TO INSURANCE – THIRD-PARTY HEALTH INSURANCE ADMINISTRATORS – PRESCRIPTION DRUG COST CONTROL AND TRANSPARENCY;
Opposed**

Chair Donovan, Chair Giraldo and Members of the Committee,

On behalf of the Pharmaceutical Care Management Association (PCMA), I write to you in opposition of H 5429. PCMA is the national association representing pharmacy benefit managers (PBMs), which administer prescription drug benefits for millions of Americans with health coverage provided through large and small employers, health plans, labor unions, state and federal employee-benefit plans, and government programs.

PBMs exist to make drug coverage more affordable. This is achieved by pooling the buying power of millions of patients and leveraging that buying power to obtain lower prices for prescription drugs through price discounts from retail pharmacies, rebates from pharmaceutical manufacturers, and using lower-cost dispensing channels. Though employers, health plans, and public programs are not required to use PBMs, most choose to use a PBM because PBMs lower the costs of prescription drug coverage, saving payers and patients an average of \$1,040 per person per year in Rhode Island.

H 5429 Limits Plan Options by Banning Spread Pricing

Another plan design option for employers and plan sponsors is called a pass-through pricing arrangement. Under a pass-through pricing arrangement, the plan sponsor is responsible for the full cost of the drug. Any discounts or rebates negotiated by the PBM are passed on to the health plan. In this pricing arrangement, the PBM collects a fee from the client as reimbursement for the services performed. This approach may involve more variation in cost along with drug price fluctuation due to drug shortages, patent expirations, and other market pressures.

The Pharmaceutical Strategies Group (PSG) released a 2023 Trends in Drug Benefit Design report, which details plan design trends and strategies. The survey results showed that 34% of employers, the majority of which were small employers, choose spread pricing arrangements because they value the stability and predictability that this pricing strategy provides.¹ This study

¹ PSG. (2023). 2023 Trends in Drug Benefit Design Report. https://rxss.com/wp-content/uploads/2023/06/PSG_Benefit_Design_Report_2023.pdf



highlights the value in *maintaining multiple plan design options*. If H 5429 is enacted, employers and plan sponsors will be forced into one plan type.

H 5429 Impacts Affiliated Lines of Business

This legislation proposes Rhode Island pharmacy market by prohibiting health plans and PBMs from offering or implementing plan designs that require patients to utilize affiliated pharmacies and proscribing health plans and PBMs from patient or prospective patient specific advertising, marketing, or promoting an affiliated pharmacy. This legislation eliminates the ability of plan sponsors to elect plan designs with pharmacy programs that demonstrably lower costs for their members and restricts communications to members that would inform them about lower cost pharmacies. As consumers and payers search for ways to reduce out of pocket costs and the overall cost of healthcare, this legislation runs contrary to these goals and does not help Rhode Islanders plan sponsors who are trying to control costs for their members and removes several tools they elect to use to design a robust and cost effective pharmacy benefit.

H 5429 Impacts Patient Safety and Increases Cost by Eliminating Utilization Management Tools

Utilization management tools such as prior authorization and step therapy are designed to:

- ✓ Improve quality and promote evidence-based care.
- ✓ Protect patient safety.
- ✓ Address areas prone to misuse.
- ✓ Reduce unnecessary spending.

Prior authorization and step therapy requirements are guided by *independent experts*. Physicians, pharmacists, and other medical professionals make up a Pharmacy and Therapeutics (P&T) committee, tasked with the development of clinically appropriate and evidence-based guidelines used to set a health plans formulary and drug management programs.

Patient safety is safeguarded with utilization management requirements. Prior authorization is used for drugs that have potentially dangerous, even potentially fatal, interactions when used with other drugs. Prior authorization ensures that medications are safe, effective, and provide value for specific populations or subpopulations who may be affected differently by a medication (e.g., antipsychotic medications in children and adolescents).

Health plans use utilization management tools to control the cost of drugs. Studies show prior authorization and step therapy reduce drug by ensuring appropriate and cost-effective use of high-cost and high-risk drugs. If Rhode Island implements prohibitions on utilization management tools, projected drug costs for fully insured employers and commercial health plans would *increase by \$212 million in the state over the next ten years*. Prior authorization can generate savings of up to 50% for targeted drugs or drug categories² while step therapy has demonstrated

² "Specialty Utilization Management Proves Effective: Ampyra Prior Authorization Improves Safety and Saves Money," Prime Therapeutics, 2011."



savings of more than 10% in targeted categories.³

H 5429 undermines the ability of health plans to manage patient safety and control costs.

Oppose H 5429

In the interest of Rhode Island patients and payers, it is for these problematic provisions noted above that we must respectfully oppose H 5429. Given the unique environment Rhode Island citizens and plan sponsors find themselves in, now is not the time to increase the cost of providing reliable and affordable access to prescription drugs.

Sam Hallemeier

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

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³ Yokoyama, et al., "Effects of a step therapy program for angiotensin receptor blockers on antihypertensive medication utilization patterns and cost of drug therapy," J Manage Care Pharm. 2007;13(3):235-244.