



April 1st, 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 5862 AN ACT RELATING TO INSURANCE -- BENEFIT DETERMINATION AND UTILIZATION REVIEW ACT; Opposed

Chair Donovan, Chair Giraldo and Members of the Committee,

My name is Sam Hallemeier, Senior Director of State Affairs writing on behalf of the Pharmaceutical Care Management Association (PCMA) to oppose H 5862. PCMA is the national association representing America's pharmacy benefit managers (PBMs). PBMs administer prescription drug plans and operate mail-order and specialty pharmacies for more than 275 million Americans with health coverage through large employers, health insurers, labor unions, and federal and state-sponsored health programs.

PBMs exist to make drug coverage more affordable by aggregating the buying power of millions of enrollees through their plan sponsor/payer clients. PBMs help consumers 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 because PBMs help lower the costs of prescription drug coverage.

PCMA is concerned that H 5862 would do the following in Rhode Island:

- Remove PBM tools such as prior authorization and step therapy that are used to help ensure prescriptions are safe and appropriate.
- Increase projected drug expenditures by an estimated 4.6% over the next 10 years by prohibiting the use of prior authorization and step therapy.

Removal of PBM tools such as prior authorization and step therapy that are used to help ensure prescriptions are safe and appropriate:

The bill would require the plan or PBM to provide the burden of proving that the provider is wrong when deciding on a course of treatment. PBMs recognize the importance of the provider-patient relationship in delivering healthcare services, but ensuring that consumers have access to safe, effective, and affordable care is also an important goal of the healthcare delivery

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system. Utilization management tools such as prior authorization and step therapy are designed to achieve those goals, and this bill would strip a PBM and plan's ability to do so.

Many drugs can have harmful side effects or adverse interactions with other medications. Some drugs, such as pain medications or antipsychotics, have a high risk of abuse or overuse so prior authorization is required to help ensure appropriate use. Likewise, specialty medications often have significant side effects and require patient education to be taken effectively, so they also often require prior authorization. Many drugs that commonly appear on prior authorization lists are those that are heavily advertised directly to consumers or have off-label uses not approved by the Food and Drug Administration (FDA). PCMA has deep concerns about removing checks and balances on the practice of recommending a specific treatment for off-label use.

Use of prior authorization and step therapy is guided by independent experts and plan sponsors through Pharmacy & Therapeutics Committees (P&T Committees). These P&T Committees are comprised of experts that include physicians, pharmacists, and other medical professionals, to develop evidence-based guidelines used in drug management programs, including prior authorization and step therapy. PBM clients then decide if and how prior authorization and step therapy will be applied to its health benefit plan. "Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching." This process safeguards against the use of prior authorization and step therapy being too restrictive.

Prohibiting the use of prior authorization and step therapy would increase projected drug expenditures by an estimated 4.6% over the next 10 years:

Studies show prior authorization and step therapy help reduce costs and are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. Prior authorization can generate savings of up to 50% for targeted drugs or drug categories. Step therapy has demonstrated savings of more than 10% in targeted categories. According to the Federal Trade Commission (FTC), "large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance."

The proposed bill would completely undermine a PBMs formulary. Without formulary controls, "insurance premiums would rise," according to National Academies of Sciences, Engineering, and Medicine (NASEM). Prior authorization and step therapy are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.



Real time benefits tools and electronic prior authorization can shorten review times, ease provider administrative burden, and improve transparency. Electronic prior authorization (ePA) is a useful tool that allows PBMs and prescribers to communicate electronically instead of using fax machines and voice calls, which are expensive and time-consuming. Real time benefit tool (RTBT) technology allows prescribers to see the plan formulary, the patient's cost share, and other requirements at the time of prescribing. This helps the prescriber understand if documentation is required before coverage, and helps the patient understand their options and costs.

PCMA appreciates the opportunity to submit comments in opposition to H 5862. The proposed bill does nothing to lower the cost of a drug set by drug manufacturers. In fact, we believe many of the policies mentioned above will raise costs at the expense of Connecticut patients. PCMA looks forward to working with members of the committee to address high drug prices while protecting the tools that allow PBMs to keep downward pressure on the high cost of drugs.

Sam Hallemeier

A handwritten signature in black ink, appearing to read "Sam Hallemeier".

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