

North Carolina House Select Committee on Step Therapy Hearing

December 14, 2015

Comments from

America's Health Insurance Plans

Thank you for the opportunity to be part of today's meeting to discuss safe, accessible and affordable drugs. My name is Lu-Ann Perryman and I represent America's Health Insurance Plans, a national association for health insurers offering coverage directly to individuals and groups, and through state programs like Medicaid and CHIP, and federal programs like Medicare Advantage. AHIP's members cover more than 200 million people throughout our nation.

I am here to speak today on behalf of our member plans in North Carolina, which include most, if not all, of the insurers offering health insurance here. And we're here because the focus of today's hearing is a matter of significant importance to consumers and insurers. In my comments today, I will review the importance of step therapy as a medical management tool to ensure patient safety and cost-effectiveness.

What is Step Therapy

Step Therapy is an approach to prescription drugs intended to control the costs and risks posed by prescription drug treatments. The practice begins with medication for a medical condition with the most cost-effective and safest drug therapy available, and then progresses to more expensive therapies if the initial treatment is ineffective. Step therapy programs are often developed using U.S. Food and Drug Administration (FDA) guidelines, clinical evidence and research.

The purpose of step therapy is to ensure that patients are getting the most appropriate and cost-effective drugs available.

Patient Safety

Step therapy encourages physicians and patients to undertake a more evidence-based measured approach to treatment that is tailored to the individual by gauging a patient's response to less harmful medications before graduating to the more potent and high-risk drugs. By taking such a measured approach, physicians are better able to reduce adverse reactions.

For potentially addictive and abused drugs, health plans implement step therapy protocols in their pharmacy management as a way to maximize treatment and disease management while reducing the risks associated with overmedication, prescription drug abuse and addiction. For example, modern painkillers are extremely powerful and have numerous side effects, including addiction and physical harm. Step therapy efforts involving the gradual movement to more powerful painkillers is not simply a cost control measure, but a patient safety practice.

Flexibility

Step therapy allows flexibility and promotes provider participation. If a member's physician certifies in writing in an easy to fill-out form that a "preferred drug" on a plan's formulary was ineffective, was not tolerated, is likely to be detrimental to a particular patient's health, or has previously been ineffective for the patient, the non-preferred drug will be covered. Step therapy protocols make it easy for members and providers to move on to subsequent treatments if necessary.

Cost Effective

As you have probably seen in the press, there is increased scrutiny on the pharmaceutical industry and the unsustainable increase in the cost of drugs. There have been several states, including North Carolina, proposing legislation calling for more transparency in prescription drug pricing.

Research indicates that without mechanisms to help make drugs more affordable, prescription drug costs drastically increase, especially for treatments still under patent. Limiting the ability of health plans to utilize step therapy only encourages the unsustainable increases in pharmaceutical costs and has a serious potential to harm patients. According to the Congressional Budget Office, in the absence of common benefit approaches such as step therapy, premiums for plans would be 5 to 10% greater than they currently are.

Such increases in the cost of prescription drug coverage would dramatically impact the ability of many individuals to obtain affordable health care coverage, and threatens the ability of employers to provide coverage for their employees.

In Closing...

AHIP appreciates the opportunity to present this information and the thoughtfulness shown by the Select Committee today in considering this important issue.

AHIP and its members are very committed to ensuring that consumers have access to the most appropriate, safe, and cost-effective drugs available.

Thank you again. And I'm happy to answer any questions you may have.