

# STATEMENT



## In Opposition to Kansas Senate Bill 341

January 22, 2016

Position: The Pharmaceutical Research and Manufacturers of America (PhRMA) respectfully opposes Kansas Senate Bill 341, legislation that would allow the State to remove a patient protection disallowing the use of claims data to implement step therapy which would remove the ability for providers to have the ultimate decision-making authority in choosing medicines for their patients. Any step therapy process must be set up to allow a physician to have the ability to override a step therapy requirement in certain circumstances—in many cases a patient may have already tried a medicine or may be expected to do poorly on a particular treatment due to genetic differences, disease-type, or comorbidities.

Under a 'step-therapy' program, patients may be required to go through older, less expensive and less therapeutic drugs before receiving access to the physician's first choice for drug treatment. In other words, patients must fail on a medicine or medicines before they can receive a more effective treatment based on cost alone. Any step therapy requirement should provide the prescriber the ability to override the decision, under certain circumstances, and get the patient the correct medicine.

Prescribers, not state regulators, should have the final say in the medicine a patient receives. Allowing bureaucratic decisions to implement more utilization management on prescription drugs, i.e., step therapy, without providing patient protections, goes against medicine's best practice of trying to get patients the right medicine at the right time. A patient's health and well-being, as well as preserving the physician-patient decision-making authority, should be the focal point for all decisions regarding drug treatment regimens.

Delaying a patient from receiving the prescriber's first choice for treatment can jeopardize a patient's health and cost the State more money over time. This legislation, therefore, could result in larger spending in other health care areas (e.g. hospitalizations, more frequent visits to a physician or emergency room for medication adjustment) when patients do not receive the right care at the right time. According to the Centers for Medicare and Medicaid Services (CMS), retail prescription

drugs comprise only 10% of the healthcare dollar. Research demonstrates that use of newer drugs increases life expectancy, improves quality of life, and can lower health care spending overall. Specifically, the U.S. health care system could save \$213 billion annually if medicines are used properly.<sup>1</sup> For Medicare, the Congressional Budget Office (CBO) announced a change to its scoring methodology that explicitly recognizes the beneficial impact prescription medicines have on reducing other health care spending.<sup>2</sup> Specifically, in estimating the financial impact of future legislation affecting prescription drug use among Medicare beneficiaries, CBO will assume that a 1% increase in the number of prescriptions filled results in a 0.20% decrease in spending on medical services. Thus delaying access to medication can result in poor health outcomes and additional costs to the health care system.

For these reasons, PhRMA strongly encourages Kansas legislators to oppose SB 431 and keep a key patient protection for patients.

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<sup>1</sup> IMS Institute for Healthcare Informatics. Avoidable Costs in US Healthcare: The \$200 billion Opportunity from Using Medicines More Responsibly

<sup>2</sup> Congressional Budget Office, "Offsetting Effects of Prescription Drug Use on Medicare's Spending for Medical Services," November 2012, available at: <http://www.cbo.gov/sites/default/files/cbofiles/attachments/43741-MedicalOffsets-11-29-12.pdf>