



**SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE
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Testimony Opposing Senate Bill 82
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Chairman Schmidt and Members of the Committee, my name is Melissa Panettiere and I am here today on behalf of Blue Cross and Blue Shield of Kansas City to testify against Senate Bill 82.

Blue Cross and Blue Shield of Kansas City is a not-for-profit health plan serving residents in the greater Kansas City area, including Johnson and Wyandotte counties in Kansas and 30 counties in Northwest Missouri. Our mission is to use our role as the area's leading health insurer to provide affordable access to healthcare and improve the health and wellness of our members. The limitations imposed in Senate Bill 82 will further challenge our ability to provide affordable coverage as insurers are left with fewer tools to combat skyrocketing drug prices.

We are committed to ensuring our members can get safe, effective, and cutting edge medicines when they need them whether they cost pennies or thousands of dollars. Pharmacy costs represent one of the fastest growing elements of rising healthcare costs. In 2013, specialty drugs alone added \$27 per member per month to health care costs. These additional costs increase premiums for everyone. Drug companies are allowed to charge whatever they think they can get for the drugs (e.g. Turing Pharmaceuticals increased their \$13.50 per pill drug to \$750 per pill and the drug wasn't improved or harder to make). Step therapy is an effective tool at combating over utilization of high priced drugs by encouraging generics or lower tiered drugs with the **same efficacy**. The most expensive drug doesn't always work the best.

Like most insurers, we already provide patients and prescribing providers a clear and convenient process to request a step- therapy exception determination. Exception processes are intended to provide patients with a path to get to the medication that is medically necessary for them without having to first try the generic equivalent.

According to the Kansas Insurance Department's report titled, "Private Health Insurance Post Affordable Care Act: Kansas Health Insurance Information System Claims Data 2011-2015" per member per month costs for Kansans have grown significantly due to prescription drug costs. Since 2011, prescription drug PMPM costs have grown from a low of 12% of total PMPM to 17% of total PMPM. Prescription drug costs saw the highest spike in PMPM costs over inpatients, outpatient, and professional lines of business with increases over \$65 from 2013 to 2015. Rising drug costs are one of the highest contributors to increased premiums for



Kansans, and step therapy protocols are one of the only tools left for insurance companies to use to keep costs down while ensuring patients still have access to medically necessary therapies. Step therapy protocols save millions of dollars a year for the plan, the savings are then passed down to the member who continue to receive their safe and effective therapies.

SB82 undoes any cost savings that a step-therapy program may have achieved, which only results in higher drug costs for patients and our members. Again, we believe SB82 essentially removes step therapy as a safe, effective and appropriate trend management tool. Moreover, the inability to manage new and specialized and costly drugs that continue to enter the marketplace would be hindered going forward as well.

Ultimately, it actually may lead to employers not being able to afford to provide robust prescription drug coverage to their employees – clearly a result that is opposite the “intent” of the proponents of this legislation.

I would be happy to answer any questions you may have.