

February 12, 2018

Senator Vicki Schmidt
Capitol Office, Room 441-E
Topeka, KS 66612

Re: Testimony on SB 304

Chairperson Schmidt and members of the committee:

Thank you for the opportunity to submit testimony in opposition to Senate Bill 304. I will explain our rationale for opposing the bill, but first I'd like to begin with a brief introduction and background on my organization. Medica is a non-profit health plan based in Minneapolis, Minnesota, and we have proudly served Midwesterners for over 40 years in all lines of business, including Medicare, Medicaid, employer-sponsored health insurance and individual coverage. Medica is in its second year of serving Kansans in the individual health insurance market. We are the only carrier offering ACA-compliant individual market products in all 105 counties in Kansas. We are excited about the relationships we are building in communities across the state as we strive to achieve our mission of being the trusted health plan of choice for customers, members, partners, and our employees.

As a non-profit health plan, we are mission-driven to improve the health of the communities we serve by making health care accessible and affordable for our membership. The latter consideration – affordability – remains a challenge for health care consumers in the Kansas individual market and beyond as health care costs continue to rise.

Prescription drug spending is a key driver of those rising health care costs. Step therapy is a tool Medica and other health plans use to manage the impact of those costs by reducing unnecessarily high drug costs while continuing to provide safe and effective care for our members. Step therapy programs encourage an evidence-based approach to treatment that gauge's a patient's response to less harmful medications before graduating to more potent and high-risk drugs.

Unfortunately, SB 304 broadens the scope of step therapy exceptions in a way that undermines the the program. Without adequate cost containment measures, prescription drug costs drastically increase, especially for treatments still under patent ("brand" medications). For many people, step therapy drugs can work just as well as other medicines, but can cost up to 80% less. By allowing a wide range of exceptions that exceed the scope of medical necessity, SB 304 would increase our members' exposure to unnecessary spending on high-cost drugs, when efficacious, less expensive drugs are available. This increased exposure would likely provide upward pressure on premiums for Kansans in the individual market in 2019 and beyond.

We are, of course, sensitive to our members' medical needs and Medica currently has a step therapy exception process that allows Medica and our provider partners to respond to those needs, and the request form is available on our website and through our call center. In situations where medical necessity exists and we receive the appropriate documentation, Medica's claims management system can auto-approve an exception request within a matter of minutes. Incomplete requests or requests that require more information, however, may take longer to process. The timelines prescribed in SB 304 may actually have the opposite impact than what is intended, as health plans

would be pressured to make exception determinations within short windows and without access to all the information necessary to approve an exception request.

As we look for innovative ways to make health care more accessible and affordable for our membership, our step therapy program is an important tool to support these goals. For the reasons listed above, we respectfully oppose SB 304.

Sincerely,

A handwritten signature in blue ink, consisting of three stylized, connected loops.

Noah Tabor
Government Relations Manager
Medica