Perspectives on Pharmacy Issues

National Conference of State Legislatures, Insurance Task Force

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America’s Health Insurance Plans (AHIP) is the national association whose members provide insurance coverage for health care and related services to millions of Americans every day. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access and well-being for consumers.

Accident & Health Business Markets represented by AHIP in the United States:

- Major Medical
- Medicaid
- Medicare Advantage
- Medicare Supplemental Insurance (Medigap)
- Supplemental Health
- Long-Term Care
- Disability Income Insurance
- Dental
- Vision
AHIP’s Vision

We will shape and drive market-based solutions and public policy strategies to improve health, affordability and financial security by:

- Promoting consumer choice and market competition
- Simplifying the health care experience for individuals and families
- Supporting constructive partnerships with all levels of government
- Partnering with health care providers on the journey from volume to value
- Addressing the burden of chronic disease and social factors that impact health
- Pursuing the promise of clinical innovations while ensuring value
- Harnessing data and technology to drive quality, efficiency and consumer satisfaction
Pharmacists, PBMs, and Insurers agree:

- Consumers should know their options at the pharmacy
- Pharmacists should be able to provide drug cost information to the consumer
- Consumers should pay the lowest price for their drug, whether that is cash price or co-pay amount
Compromise on pharmacy communications has been reached in a growing number of states, here are a few examples:

- **AZ HB 2107**
- **CA AB 2863** *(not yet signed by the Governor)*
- **CO HB 1284**
The Real Problem is the Price

Americans need real solutions that lower the price of brand-name drugs.

The problem is the price.
Where Does Your Premium Dollar Go?

Note: Values exceed 100% due to rounding
Source: Data source and methodology are referenced in more detail at http://www.ahip.org/health-care-dollar

1. Prescription drug costs include outpatient, physician- and self-administered medications – but not those administered in inpatient settings.
2. Medical expenses as identified in this research differs from Medical Loss Ratio as defined by the Affordable Care Act.
3. Operating costs include consumer-centric activities such as communicating with members, running customer service operations, quality reviews, and data analysis, among other activities.
Where are the Savings?
An explanation of the rebate funnel

Over 300 million medications are prescribed
82% are generic drugs
18% are brand name drugs

Cost-Sharing for Brand Name Drugs
- 1.05% brands paid pre-deductible
- 16.9% brands paid post-deductible
- 11.5% brands paid with flat copayments (not affected by a “Point of Sale” rebate)
- 2.4% brands paid with coinsurance (not affected by a “Point of Sale” rebate)

But only 2.4% are eligible for a discount at the pharmacy counter

Source: Internal AHIP analysis of REDBOOK™ drug pricing data, February 2018
Key Factors in Premium Increases

1. Prescription Drug Prices
   Drug prices, particularly for specialty medications and brand-name medicines, continue to soar. When the cost of medical care and treatment goes up, so does your premium.

2. Who Is Covered
   Who else is covered by your plan is critical to determining the cost of your coverage.
   To keep costs lower for everyone, there should be a balance between those who utilize medical care and those who have coverage in case they get sick or injured.

3. Which Care Providers Participate
   A provider network is the group of doctors, nurses, hospitals, and other clinicians that treat patients with certain insurance plans. When they charge lower prices for their

4. Value-based Models
   The fee-for-service system pays for the number of services provided. Value-based systems reward quality and value — providers earn more by bringing better care to consumers while lowering costs.

5. Taxes and Fees
   One way to control premiums is to get rid of taxes and fees that hit consumers’ pocketbooks. Those include the health insurance tax and marketplace user fees.

https://www.ahip.org/5-factors-that-impact-your-health-insurance-premium/
Questions?

Thank you!

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