



Mid-Atlantic Permanente Medical Group, P.C.
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc
2101 East Jefferson Street
Rockville, Maryland 20852

February 26, 2020

The Honorable Delores G. Kelley
Senate Finance Committee
3 East, Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

RE: SB 623 – Letter of Concern

Dear Chair Kelley and Members of the Committee:

Thank you for the opportunity to provide comments on SB 623, Health Insurance - Out-of-Pocket Maximums and Cost-Sharing Requirements - Calculation.

Kaiser Permanente is the largest private integrated health care delivery system in the United States, delivering health care to over 12 million members in eight states and the District of Columbia.¹ Kaiser Permanente of the Mid-Atlantic States, which operates in Maryland, provides and coordinates complete health care services for approximately 755,000 members. In Maryland, we deliver care to over 430,000 members.

This bill requires carriers, when calculating the overall contribution to an out-of-pocket (OOP) maximum or a cost-sharing requirement, to include any payments made by, or on behalf of, the insured, subscriber, or member.

KP supports opportunities to maintain the lowest cost share for medications to its members. However, while coupon programs have risen steadily and may offer some benefit to offset increasing patient cost exposure, they incentivize market forces to drive the prices of drugs and other services higher by reducing the incentive to maintain or lower costs. This is particularly evident when coupons are promoted and provided for brand name drugs when more cost-effective clinically appropriate medications are readily available. In addition, when coupon-based discount programs conclude, patients are either required to begin paying the higher cost share or switch to an alternative medication. KP seeks to ensure patients receive the most clinically sound and cost-effective care throughout an entire course of therapy.

¹ Kaiser Permanente comprises Kaiser Foundation Health Plan, Inc., the nation's largest not-for-profit health plan, and its health plan subsidiaries outside California and Hawaii; the not-for-profit Kaiser Foundation Hospitals, which operates 39 hospitals and over 650 other clinical facilities; and the Permanente Medical Groups, self-governed physician group practices that exclusively contract with Kaiser Foundation Health Plan and its health plan subsidiaries to meet the health needs of Kaiser Permanente's members.

The 2021 Centers for Medicare & Medicaid Services proposed standards clarify that carriers are permitted, but not required, to count toward the annual limitation on cost sharing amounts paid toward reducing out-of-pocket costs using direct support offered by drug manufacturers to enrollees for specific prescription drugs. While we continue to look at voluntarily adopting policies where coupons can be applied, KP does not support their use for branded medications when generic formulations are available. Unless a brand drug is deemed medically necessary – which is not often relative to all prescriptions filled – providing brand coupons when less costly alternatives exists is not a responsible practice and only contributes to the ever-increasing cost of health care.

Thank you for the opportunity to comment. Please feel free to contact Wayne Wilson at Wayne.D.Wilson@kp.org or (301) 816-5991 with questions.

Sincerely,

Wayne D. Wilson
Vice President, Government Programs and External Relations
Kaiser Foundation Health Plan of Mid-Atlantic States, Inc.