



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 5, 2020

The Honorable Shane E. Pendergrass
Health and Government Operations Committee
House Office Building Room 240
6 Bladen Street
Annapolis, Maryland 21401

RE: HB 785 – Oppose

Dear Chair Pendergrass and Members of the Committee:

Kaiser Permanente respectfully opposes HB 785, Health Insurance and Pharmacy Benefit Managers – Freedom of Choice of Pharmacy Act.

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.

HB 785 would prohibit a pharmacy benefit manager from requiring a beneficiary to use a mail order pharmacy to fill or refill a prescription as a requirement to reimburse for the cost of the medication.

HB 785 would prohibit carriers from:

- (1) Restricting or limiting an enrollee from selecting a pharmacy of the enrollee's choice for the receipt of pharmacy services if the pharmacy participates as a contract provider in the carrier's health benefit plan;
- (2) Denying a pharmacy, the right to participate as a contract provider if the pharmacy agrees to certain conditions;
- (3) Imposing on the enrollee cost sharing or other conditions for the pharmacy service that differ from those imposed on all other enrollees for the same pharmacy service under the health benefit plan;

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.

- (4) Imposing a monetary advantage or penalty that may impact an enrollee's choice of pharmacy from among the pharmacies that participate in the carrier's health benefit plan;
- (5) Reducing allowable reimbursement for a pharmacy service under a health benefit plan, because of an enrollee's selection of a pharmacy, if the pharmacy has agreed to participate in the plan under the same terms and conditions offered to all pharmacies under the plan;
- (6) Requiring an enrollee to purchase pharmacy services exclusively through a mail-order pharmacy as a condition of payment or reimbursement under a health benefit plan; or
- (7) Imposing cost sharing or any other condition on an enrollee related to the purchase of a pharmacy service that is more costly or restrictive than what would be imposed if the same service were purchased from a mail-order pharmacy.

HB 785 would also require carriers to offer to each pharmacy within their geographical service area an opportunity to participate in the health plan. They are further required to offer identical reimbursement terms and conditions to each pharmacy to which the carrier extends an offer to participate in the health plan.

Finally, the bill prohibits pharmacies from waiving or modifying a cost sharing requirement for prescription drug coverage under a health benefit plan. It also requires pharmacies to offer the same pharmacy service to all enrollees under the same terms and conditions established by the carrier if they provide a pharmacy service that meets the terms and conditions of the health benefit plan.

Kaiser Permanente urges an unfavorable committee report for HB 785. The bill would make significant changes to health insurance policy that would hinder health plans' ability to manage care coordination and costs, and that are incompatible with high-quality, integrated care delivery and contrary to the clinical and financial interests of our members. We strongly oppose efforts to inhibit or erode the capability for us to oversee care.

One of the primary drivers of success for Kaiser Permanente's integrated care delivery model is the high degree of collaboration and information sharing – facilitated by our integrated electronic health record (EHR) system – amongst our primary care physicians, specialists, laboratories, prescribers, pharmacies, and ancillary services. The integration of care is a critical benefit to our members and the bedrock of our practice model. Our shared EHR enables clinicians from various disciplines across our system to coordinate treatment, communicate clinical information securely, and provide safe, efficient care. This level of integration enables team-based development and implementation of comprehensive treatment plans, which has been demonstrated to improve clinical quality and outcomes for patients.

The use of our Kaiser Permanente-owned and operated pharmacies is integral to sustaining the high-quality outcomes our members experience. The safe and appropriate dispensing of prescription drugs in Kaiser Permanente's pharmacies (including mail order, if preferred by members) is supported by the shared EHR system and electronic prescribing between physicians

and pharmacies located in our medical facilities. The EHR, pharmacy profiles, laboratory test results and physician referrals are linked. Because of our shared EHR, pharmacists and physicians coordinate and adjust treatment plans as needed, avoid and address potential adverse medication effects, and improve patients' medication adherence. Used effectively, these shared electronic records help physicians and pharmacists provide higher quality, personalized care to patients at a lower cost. This level of communication and seamless integration is not possible when members utilize external pharmacies.

The data speaks for itself. Consistently, according to the National Committee for Quality Assurance's (NCQA) Quality Compass™ data, Kaiser Permanente health plans led the nation in performance for over 20 measures, including controlling high blood pressure, breast cancer screening, Human Papillomavirus Vaccine for female adolescents, postpartum care and comprehensive diabetes care. This database includes scores from the Healthcare Effectiveness Data and Information Set, a tool used by more than 90 percent of America's health plans to measure performance on important dimensions of care and service, including medication management. Kaiser Permanente of the Mid-Atlantic States is among the top 1 percent of plans in the nation as evaluated by NCQA's rigorous review process. Our consistent, year-after-year superior performance is a result of dedicated efforts between Kaiser Permanente physicians and pharmacists.

Another vital component of our commitment to providing Kaiser Permanente members with safe, accessible, convenient and affordable care lies in the availability of our mail order pharmacy. Kaiser Permanente members may voluntarily choose to have their prescriptions mailed, providing them with an invaluable service. Our physicians electronically send prescription refill requests directly to our mail order pharmacy and this improves medication adherence rates. The mail order option provides members with easy and convenient options to manage their prescriptions. They can request to refill prescriptions online, by mobile app, by phone, or using a 24-hour automated refill telephonic system. Members do not pay for postage on mail order prescriptions.

Year after year, Kaiser Permanente's mail-order pharmacy has ranked in the top 3 highest overall in the nation for customer satisfaction by J.D. Power and we have been as high as #1. Over that time, J.D. Power considers our ordering process, prescription delivery, cost completeness and price sensitivity, and interaction with the pharmacist and non-pharmacist staff. With on-time delivery a key driver of overall customer satisfaction for mail order use, the turnaround from the time our mail order pharmacy receives a refill request to when the filled prescription is received by our members is 2.5 days. We are exploring options to decrease turnaround time even further. Our pharmacists are always available to counsel and answer members' questions about their prescriptions. Outpatient pharmacists located in our medical centers can also see if a member had their prescription filled by our mail order service and address questions.

As use of our integrated pharmacies helps ensure optimal care coordination and the highest quality care and outcomes for our members, Kaiser Permanente encourages our members to use our integrated pharmacies for their medication needs. While members may have the option to select a non-Kaiser Permanente pharmacy from our contracted network – and can easily find out the names and locations of participating pharmacies – an important, decades-

old strategy for improving and maintaining quality has been to offer reduced cost sharing for pharmacy services in our own facilities. Simultaneously, members' health care costs and costs to the system as a whole are lower through use of Kaiser Permanente's integrated medical facilities and pharmacies. This is a core principle on which our national health plan model is based. By encouraging members to use services outside our facilities, prohibiting co-pay differentials for pharmacy services, HB785 will financially disadvantage the vast majority of our members who choose to fill their prescriptions at Kaiser Permanente pharmacies while degrading our ability to coordinate care to produce high quality, cost efficient outcomes.

The quality and financial advantages of comprehensive, coordinated care delivered through Kaiser Permanente providers and pharmacies underpin our business decision to offer lower copays on prescription drugs to benefit members who use our medical center pharmacies. HB 785 would prohibit such health plan decisions, reducing our ability to coordinate care and increasing pharmacy costs and premiums over time to consumers, employers and the health care system.

For these reasons, Kaiser Permanente respectfully opposes HB 785 and strongly urges an unfavorable Committee report.

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.