MEMORANDUM

Late Testimony

TO: Members of the Senate Finance Committee
Members of the House Health & Government Operations Committee
FROM: Heather R. Cascone, Assistant Vice President, State Affairs
DATE: February 15, 2023

RE: S. 308/HB 305 – Utilization Review

PCMA submits this memo to express concern regarding S. 308 relating to utilization review, and specifically with limitations on prescription drugs. The Pharmaceutical Care Management Association (PCMA) is the national association representing America's pharmacy benefit managers (PBMs). PBMs administer prescription drug plans for more than 266 million Americans with health coverage through large and small employers, health insurers, labor unions, Medicare, Medicaid, and other programs.

Prior authorization is a requirement that a health plan pre-approves a prescription drug before a pharmacy can dispense it to an enrollee as a covered benefit. The major goals of prior authorization are to ensure appropriateness and suitability of the prescribed medication for the specific patient, as well as to control costs. Health plans and PBMs rely on independent Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals to develop evidence-based guidelines used in drug management programs—including prior authorization—and to ensure that these management controls do not impair the quality of clinical care.

This legislation would eliminate the ability of plan sponsors and PBMs to effectively monitor patient safety, prevent fraud, waste, and abuse, and keep costs low for consumers—essentially creating a "rubber stamp" for drug approval as opposed to allowing a meaningful review of medical necessity that protects both the patient and the plan sponsor. In addition to controlling costs, prior authorization is used to manage the utilization of drugs that may pose a safety risk, have a high potential for off-label or experimental use, are very high in cost, are prescribed at dosages exceeding the highest FDA approved dose, etc. Prior authorization is widely used in commercial insurance, as well as in Medicare, Medicaid, the Children's Health Insurance Program, and the Federal Employees Health Benefits Program.

This legislation prohibiting prior authorization for any generic drug usage. While generic drugs are safe and effective alternatives to their brand counterparts, by limiting utilization review the bill blocks any of the clinical and safety reasons a plan would limit usage of the generic. For example, plans could use prior authorization on a generic to check for appropriate dosage, duplication of therapy, precautions for pregnant patients, or over/under utilization, all of which have meaningful effects on a patient.

It is for these reasons that PCMA respectfully requests that the bill be held for further study.