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Testimony regarding SB 363

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Prohibits pharmacy benefit manager from creating administrative or financial incentives to encourage insureds to obtain prescription drugs from mail order pharmacy instead of retail pharmacy.

RegenceRx opposes SB 363. SB 363 directly reduces the ability of health plans and health care purchasers to encourage mail order pharmacy services. It is bad for patients and will raise prescription costs.

Mail service pharmacies are a valuable option that may improve patient safety, offer member convenience, and maintain affordability of prescription benefits.

- **Reduced Patient Safety and Convenience:**
 - o According to a published study, dispensing error rates are lower at mail service pharmacies than at retail pharmacies.¹ This means that mail order pharmacies may potentially improve patient safety.
 - o Studies also suggest that patients using mail service pharmacies have higher adherence rates than patients using retail pharmacies.² Patients who are more likely to take medication are more likely to benefit from it.
 - o SB 363 directly prevents health plans from incentivizing patients from using these higher quality pharmacies. Many pharmacies with specific expertise and demonstrated competencies in “specialty medications” conduct the majority of their business by mail. SB 363 does not distinguish between these specialty pharmacies and other mail order pharmacies.

- **Increased Medication Costs:**
 - o Mail order pharmacies can increase patient adherence to medication regimens and may improve patient outcomes and reduce overall health care costs.
 - o By driving adherence and volume, medication costs can be lowered because mail service pharmacies can negotiate lower medication costs from wholesalers or manufacturers. These lower costs may be passed to members in the form of financial incentives, so patients save money on their medication costs.

References:

1. Teagarden, J.R., et al., “Dispensing Error Rate in a Highly Automated Mail-Service Pharmacy Practice,” *Pharmacotherapy*, November, 2005.
2. See: Hermes M., et al., “Adherence to Chronic Medication Therapy Associated with 90-Day Supplies Compared with 30-Day Supplies,” *Journal of Managed Care Pharmacy*, 2010, 16:141-142; Duru, K., et al., “Mail-Order Pharmacy Use and Adherence to Diabetes-Related Medications,” *The American Journal of Managed Care*, January, 2010; Zhang, L., et al., “Mail-Order Pharmacy Use and Medication Adherence among Medicare Part D Beneficiaries with Diabetes,” *Journal of Medical Economics*, October 2011.
3. Where We Stand on Mail Service Pharmacies. Academy of Managed Care Pharmacy. December 2012. Available at <http://www.amcp.org/WorkArea/DownloadAsset.aspx?id=15981> Accessed 3-4-2013