

March 4, 2015

The Honorable Laurie Monnes Anderson, Chair
Senate Committee on Health Care
Oregon State Capitol
900 Court Street, NE
Salem, OR 97301

Re: SB 147 – OPPOSE

Dear Senator Monnes Anderson and Members of the Committee,

Moda Health is opposed to Senate Bill 147, legislation that would make it more difficult for lower cost biosimilar agents to be substituted by a pharmacist. This legislation is not in the interests of consumers, pharmacists, employers and insurers who underwrite the costs of medications used to treat the complex conditions that biologic agents are intended to treat.

Moda Health is a Northwest-based health insurer providing dental, medical and pharmacy insurance and administrative services in Oregon, Washington and Alaska. We are the administrator for Oregon's Prescription Drug Program (OPDP), which includes over 160,000 members enrolled in the Oregon Educators Benefits Board (OEBB), SAIF or other self-insured and government programs statewide, as well as almost 290,000 under- and uninsured residents who have benefitted from the preferential drug prices that the OPDP program has made possible. Moda Health takes pride in the diversified range of clinical and pharmacy cost management services and strategies we deploy on behalf of the more than 1.2 million individuals in the Pacific Northwest for whom we provide prescription drug coverage.

Moda Health is opposed to SB 147 for several reasons.

SB 147 is premature and unnecessary at this time. The FDA is in the process of developing a biosimilar approval pathway for interchangeability and is expected to publish guidance on this in 2015. Implementing state legislation now could result in unnecessary conflict between Oregon's standard and the national standard that the FDA will create.

SB 147 may interfere with access to lower cost treatments. Biosimilars are closely matched successors to off-patent biologics and offer more cost-effective versions of their branded originators. After many years of patent protection, a number of leading biologics have reached, or will soon be reaching, patent expiration. As such, biosimilars are estimated to comprise about 60% of the total biologics pipeline. SB 147 would preemptively deter the substitution and use of biosimilars, which will drastically reduce any savings to consumers and taxpayers.

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SB 147 could conflict with federal law governing biosimilar substitution, which specifies that biosimilars that are determined to be interchangeable with their brand-name counterparts can be substituted without the involvement of the prescribing doctor. SB 147's provider notification requirement may interfere with federal intent.

SB 147 would unnecessarily change the communication requirements for a pharmacy or pharmacist that substitutes biological product and would significantly increase the hurdles that would need to be overcome to substitute to a biosimilar agent. Such an attempt would represent a disservice to patients who could benefit from these lower-cost treatments.

SB 147 adds additional regulations that are unnecessary. Oregon already has a statute on the books that addresses the substitution of biosimilars. This law was put in place as an interim strategy as the FDA develops guidance around interchangeability of biosimilars. SB 147 is unnecessary at this time until clearer guidance on interchangeability is made available from the FDA.

Spending on biologic drugs is growing more than 10 times faster than spending on traditional, chemically derived prescription drugs. This trend is expected to continue as an increasing number of biologics are introduced in the coming years and make up a greater share of total pharmaceutical spend. The costs associated with biologic agents impacts everyone in the health care system. Individuals, employers, and taxpayers all shoulder a portion of the costs in their health premiums and through taxpayer-funded programs like Medicare and Medicaid. Every effort should be made to make it easier for biosimilar agents to be substituted for their biologic equivalents. This is good health policy and makes economic sense.

With the rapid rise in the number of biologic drugs and the growing use of products already on the market, biologics are becoming an increasingly common treatment option. Given their substantial costs, every effort should be made to ensure that savings from less expensive biosimilars are not unnecessarily constrained.

For these reasons, Moda Health is opposed to SB 147.

We appreciate the opportunity to comment on this bill. If you have any question, please do not hesitate to contact me at robert.judge@modahealth.com, or (503)265-2968.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Judge". The signature is fluid and cursive, with the first name "Robert" and last name "Judge" clearly distinguishable.

Robert Judge
Director of Pharmacy Services