



February 26, 2019

The Honorable Andrea Salinas Chair, House Committee on Health Care
900 Court St. NE
Salem OR 97301

RE: Opposition to HB 2799

Dear Chair Salinas and members of the House Committee on Health Care,

Kaiser Permanente exists to provide high-quality, affordable health care services and to improve the health of our members and the communities we serve. In order to achieve this, we must focus on tackling the skyrocketing cost of prescription drugs. House Bill 2799 threatens our ability to manage the fastest growing area of health care spending and will lead to increased premium costs. We urge this committee to join us in opposing it.

HB 2799 requires carriers to ensure that at least 25% of individual, small, and large group plans apply a flat dollar copayment structure to the entire drug benefit, including all tiers. In addition, it prohibits these plans from including a deductible or other cost-sharing requirement. Colorado implemented a similar requirement by rule in 2016 and Kaiser Permanente's Colorado region saw premiums increase 3-5% on plans with the flat dollar copays.

Under the Affordable Care Act, individual and small group health insurance plans sold on the Exchange had to meet benchmarks at each metal level that determined how much the health insurance company would pay for health care expenses and how much would fall to the enrollee. These "actuarial values" were set at 60% (bronze plan), 70% (silver plan), 80% (gold plan), and 90% (platinum plan). A person choosing a "silver" plan, for example, would see the plan paying, on average, for 70% of their health care expenses while they would be responsible for 30% through cost-sharing (deductibles, copays, and coinsurance).

To maintain compliance with the actuarial value requirements at each metal tier, any enhancement in benefits must be offset by a reduction in benefits elsewhere in the plan. The changes required could be an increase in the deductible or in cost sharing for services such as inpatient or outpatient hospital services. Whatever the change is, the plan, on average, will cover the same percentage of health care costs.

The lowest cost plans, which often have deductibles for prescription drugs, will be the most impacted by this mandate. Offering a copay only plan for prescription drug coverage will require significant changes to plan design and it may be difficult to stay within the required actuarial value of 60%.



Of even greater concern is the potential for increased utilization of high cost drugs under this proposal. Flat dollar copays shield consumers from true cost of care. Coinsurance and deductibles have helped increase awareness and fueled public outcry over list prices that pharmaceutical manufacturers set for their drugs. Copays insulate consumers from knowing how much their medicines cost and will increase demand for high cost drugs when lower cost alternatives exist.

Please join Kaiser Permanente in opposes HB 2799.

Sincerely,

A handwritten signature in black ink that reads "Gregory L Daniel".

Gregory L Daniel, FSA, MAAA
Senior Actuarial Director
Kaiser Permanente Northwest