

February 26, 2019

The Honorable Andrea Salinas
Chair, House Health Care Committee
State Capitol
Salem, Oregon 97301

RE: House Bill 2799 – Flat dollar copayment plans

Dear Representative Salinas and members of the committee:

Providence Health & Services understands that rising health care costs, in particular prescription drug costs, are making it harder and harder for Oregonians to afford the care that they need. As such, we strongly support efforts to make prescription drugs more affordable. However, House Bill 2799 as drafted does not do anything to address the rising cost of prescription drugs or mitigate their impact. Instead, HB 2799 shift costs from one area, prescription drug cost-share, to another area, health insurance premium. We feel as though efforts would be better spent understanding and addressing prescription drug cost drivers to the benefit of all Oregonians. For these and the reasons stated below, Providence opposes House Bill 2799 as drafted and urges the Committee to join us.

Flat dollar copay plans exacerbate the issue of high prescription drug costs

Health insurers already spend nearly a quarter¹ of every premium dollar on prescription drugs and there are no signs of that trend slowing. HB 2799 would require health insurers to offer plans with flat dollar copayments, which sounds good in theory. In practice, however, this doesn't reduce costs. Instead it shifts the costs from one area to another in reaction to high prescription drug prices without addressing the real issue, which is the high and ever-increasing price of prescription drugs.

PHP estimates that flat dollar copay plans with a \$400 copay on non-preferred brand drugs and a \$2,000 copay on specialty drugs would cost our members at a minimum an extra \$6 million dollars a year in premium and would cost Oregonians an extra \$20 million dollars a year in premium. The impact would climb even higher if drug manufacturers decide to discontinue patient assistance programs based on the availability of flat copay plans while continuing to raise prices without consumer and physician awareness of the price of the drug. Thus, HB 2799 could have the negative unintended consequence of increasing premiums while reducing the availability of patient assistance programs. Further, we are concerned that many large employers may choose to move into the self-insured market rather than accept the premium increases due to these plans, which would further destabilize the insured markets.

Flat dollar copay plans in HB 2799 need additional analysis

The flat dollar copay plans contemplated by HB 2799 need additional analysis and it is premature to codify them in statute at this time. The guidance provided in HB 2799 regarding the plans is very high level and in some cases inconsistent with current law. For example, section 2 applies the requirement to large group health plans. However, large group health plans are not regulated in the same way as

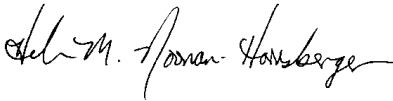
¹ Where does your Health Care Dollar go? <https://www.ahip.org/health-care-dollar/>

individual and small group health plans so the exact same application of guidance is confusing and creates ambiguity. Given the lack of specificity and complexity of prescription drug issues in the marketplace we are concerned that health insurers may all interpret and implement the guidance differently. This will be confusing to consumers and employers as they try to understand this new plan design and determine whether it will meet their needs. For example, if a consumer utilizes a health savings account (HSA) the flat dollar copay plans contemplated by HB 2799 would not meet their needs because they are not HSA compatible. Most importantly, it is not helpful to consumers if a solution to one problem creates several new ones. For these reasons, we believe that additional study and analysis of the feasibility and value of these plans is needed.

Providence believes that Oregon needs to continue to focus on addressing the issue of rising prescription drug costs and we are committed to continuing to work with the legislature and stakeholders towards a solution.

Thank you for the opportunity to provide comments and we look forward to further discussion.

Sincerely,

A handwritten signature in black ink, reading "Helen M. Noonan-Harnsberger". The signature is written in a cursive style with a large initial "H" and "M".

Helen Noonan-Harnsberger, Pharm.D, AVP, Pharmacy for Providence Health Plans