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March 5, 2020

The Honorable Shane Pendergrass, Chair
House Health and Government Operations Committee
Room 240, House Office Building
Annapolis, MD 21401

Re: Oppose – House Bill 1360 – Health Insurance – Out-of-Pocket
Maximums and Cost-Sharing Requirements – Calculation

Dear Delegate Pendergrass:

CareFirst BlueCross BlueShield (“CareFirst”) respectfully submits this letter of opposition to House Bill 1360 “Health Insurance – Out-of-Pocket Maximums and Cost-Sharing Requirements.”

While well intentioned, passing this bill would further drive up the costs of health care coverage by limiting the ability of health insurers to manage the costs of expensive brand drugs.

Drug manufacturers provide patients with discount coupons to help offset the patients’ out-of-pocket costs for medication. While these discounts help individual patients, unfortunately they also promote the use of higher-cost drugs instead of equally effective and less expensive drugs – raising health care costs for all. One recent study estimates ¹that coupon use increased the percentage of prescriptions filled with brand-name formulations by more than 60 percent. The study estimated that national spending on drugs, on average, grew by \$30 million to \$120 million for each co-payment coupon over a 5-year period following the entry of generic competitor drugs.

Pharmacy costs are the largest portion of CareFirst’s health care dollar, and these costs continue to rise each year, driven by the increases in prices of brand and specialty drugs. The use of coupons masks the price of expensive brand name drugs to consumers and undermines the design of health insurance products, and the cost of these drugs is then ultimately borne by consumers and employers in the form of higher premiums.

These dynamics are well understood by the federal government, and pharmacy coupons are prohibited for use by beneficiaries enrolled in Medicare, Medicaid, and other federal healthcare programs. Moreover, both California and Massachusetts have enacted laws that prohibit copay coupon use when generic drugs are available.

¹ The New England Journal of Medicine. “Undermining Value-Based Purchasing — Lessons from the Pharmaceutical Industry”. Nov. 2016. Web. http://www.nejm.org/doi/full/10.1056/NEJMp1607378?query=featured_home&

The Federal 2021 Notice of Benefit and Payment parameters, as proposed, would give health insurers the flexibility to determine whether to count these coupons toward cost sharing. We support these provisions. We urge the Committee to not pass this bill, as doing so would take away the ability of health insurers to effectively manage pharmacy costs.

Sincerely,

A handwritten signature in cursive script that reads "Deborah R. Rivkin". The signature is written in black ink and is positioned above the printed name.

Deborah R. Rivkin

Cc: Members, House Health and Government Operation