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SB 290 – Health Insurance – Out-of-Pocket Maximums and Cost-Sharing Requirements – Calculation

Position: Oppose

Thank you for the opportunity to provide written comments regarding Senate Bill 290. Senate Bill 290 requires health plans to count prescription drug coupons towards an insured's cost sharing obligation. **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.
 - For example, one recent study estimates¹ that 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.

While CareFirst strongly supports the policy goal of reducing prescription drug costs for consumers, this bill has a number of unintended consequences that in fact contribute to rising prescription drug costs. For these reasons, CareFirst respectfully opposes SB 290.

We urge an unfavorable report.

CareFirst stands ready to work with policymakers on efforts that actually reduce the costs of prescription drugs, improving affordability and outcomes for our members and communities.

About CareFirst BlueCross BlueShield

In its 83rd year of service, CareFirst, an independent licensee of the Blue Cross and Blue Shield Association, is a not-for-profit healthcare company which, through its affiliates and subsidiaries, offers a comprehensive portfolio of health insurance products and administrative services to 3.4 million individuals and employers in Maryland, the District of Columbia and Northern Virginia. In 2019, CareFirst invested \$43 million to improve overall health, and increase the accessibility, affordability, safety and quality of healthcare throughout its market areas. To learn more about CareFirst BlueCross BlueShield, visit our website at www.carefirst.com and our transforming healthcare page at www.carefirst.com/transformation, or follow us on [Facebook](#), [Twitter](#), [LinkedIn](#) or [Instagram](#).

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&