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Statement of LuGina Mendez-Harper, Pharm.D., R.Ph.
Government Affairs Principal
Prime Therapeutics
Senate Bill 351
Senate Financial Institutions and Insurance Committee
February 13, 2018

Chairman Longbine, Vice Chair Billinger, and Committee Members:

Thank you for the opportunity to submit written comments and speak with you today.

My name is Dr. LuGina Mendez-Harper. I am a pharmacist with Prime Therapeutics and a proud graduate of the University of Kansas College of Pharmacy.

Prime Therapeutics is a not-for-profit pharmacy benefit manager (PBM) owned by 17 Blue Cross Blue Shield plans including Blue Cross Blue Shield of Kansas (BCBS-KS).

I am here today to respectfully oppose and express concerns with Senate Bill 351 as drafted.

- 1) We are in opposition to tying pharmacist reimbursement to what the member pays at the point of sale. Pharmacist reimbursement is a contractual matter between the pharmacy and PBM on behalf of the health plan or employee group.
  - a. Language limiting adjustment of reimbursement after a claim has been adjudicated interferes with performance based networks. The health care industry, including pharmacy, is moving toward paying for quality and positive patient outcomes not just the cost of medicines.
  - b. All reimbursement mechanisms and fees are agreed to in the contract the pharmacy or its Pharmacy Services Administration Organization (PSAO) and the PBM. This legislation would in effect release a business from its contractual obligations.
  - c. Most importantly, the only information relevant to patients is the cost of the medicine using their insurance and the cash price.

- i. If the price is higher with insurance, we are registered as a PBM with the state of Kansas. The patient has an avenue to complain about this issue.
- 2) We oppose inclusion of language regarding delivery of medicines to patients, mandatory mail service pharmacy services, prohibiting lower cost-sharing requirements for mail service pharmacy, and restricting access at network pharmacies.
  - a. Kansas already has extensive current law on mail order pharmacy networks and differences in network copayments.
  - b. We do not prohibit community pharmacies from offering prescription delivery services to their patients at the same terms conditions we offer to our members.
  - c. Finally, BCBS-KS does not have mandatory mail pharmacy programs.
- 3) PBMs are registered with the Kansas Department of Insurance.
  - a. Patients have a mechanism in place to address issues of concern.
  - b. We oppose expansion of oversight to include civil fines and feel registration coupled with possible action against our registration provides sufficient oversight.

While the bill as written is not something we can support, we would welcome the opportunity to work with the author of the legislation to insure Kansas consumers pay the lowest price in every instance and that pharmacists are able to talk with their patients about the cost of their medicines.

Please let me know if you have any other questions.

Thank you.