

February 10, 2020

The Honorable Representative Jene Vickrey,
Chair House Committee on Insurance
Kansas State Legislature
300 SW 10th St.
Topeka, KS 66612

Re: Opponent Testimony for House Bill 2557

Dear Chair Vickrey and members of the Committee:

Thank you for the opportunity to comment on Kansas House Bill 2557 (HB 2557). I represent Prime Therapeutics (Prime), a pharmacy benefit manager (PBM) serving more than 28 million members nationally for its 18 non-profit Blue Cross and Blue Shield owners; employer groups; and government programs including the Federal Employee Program (FEP®), Medicare, and Medicaid.

The overall effect of HB 2557 would be to further embolden drug manufacturers to continue increasing the price of insulin, thus raising the total cost of health care for Kansas employers, individuals and taxpayers. For this reason, Prime opposes HB 2557.

Prime helps people get the medicine they need to feel better and live well by managing pharmacy benefits for health plans, employers, and government programs including Medicare and Medicaid. Our company manages pharmacy claims and offers clinical services for people with complex medical conditions. Our business model relies on transparency and advocating for simpler, lowest-net-cost pricing for drugs. Importantly, Prime is not focused on driving profit margins or attaining the largest rebate. To control costs, Prime's clients rely on our clinical expertise and drug management tools to direct patients and physicians toward lower-cost drugs and to reduce overall drug spending.

HB 2557 focuses on the out-of-pocket expenses members pay for their insulin by capping their total monthly financial responsibility at \$100. This places sole burden for the cost of insulin on the individuals and employers that pay premiums. The reality is that a few drug manufacturers - not PBMs or insurers - set, and continually increase, the price of insulin in an uncompetitive market. PBMs and insurers help their members afford insulin by negotiating down the exorbitant prices set by manufacturers. By capping co-pays, members are further removed from the actual cost of insulin, which further insulates drug manufacturers' pricing strategies from the public eye and severely hinder the ability of PBMs to negotiate lower prices from those manufacturers. The result: a blank check to drug manufacturers and increased health insurance premiums to cover the ever-rising price of insulin.

Prime continues to drive for solutions that drive down the total cost of care for the Kansans we serve. Our efforts are based on the following principles:

- (1) Greater competition is key to reducing prices.
- (2) The best way to ensure lower costs for patients is through proven, private sector tools— not government mandates.
- (3) Solutions to address the rising price of insulin should not be a windfall to manufacturers.
- (4) Solutions should not raise costs for taxpayers, employers, small businesses, and/or consumers.

HB 2557 would significantly hamper those efforts and, ultimately, increase the cost of health care for Kansas employers and citizens. We welcome the opportunity to further discuss these concerns and work towards evidence-based solutions to help people get the medicine they need to feel better and live well. HB 2557 is not one of those solutions. Therefore, Prime opposes HB 2557. Thank you for your time and consideration.

Respectfully,

Alexander H. Sommer, Esq.
Prime Therapeutics