



Chairman Vickery and Members of the Committee:

My name is James Chism, HR Director for the City of Winfield Kansas. One of my duties at the City is to negotiate, monitor and review our employee health program. Since starting my career with the City of Winfield in 2013 we have carried our health insurance with Anonymous Insurance Company. Each year before our renewal we review our utilization and meet with the AIC representative to see how our premiums with adjust for the next year. Sometimes (most of the time) there are increases and other times there are decreases.

One day on vacation in Florida I visited with a friend of mine who had recently sold his pharmacy chain about the frustration I was having with the predictable way AIC comes in with a 12 to 17% increase every year only to have their numbers reviewed by our brokers who then would get them to a 2% increase all the way to a 7% DECREASE. I complained to him that if they have that much cushion built into their renewals and other plan sponsors do not have Brokers with their own underwriters to review the initial premium recommendation, those plan sponsors are being ripped off.

He then began to explain to me how they build in so much cushion. He said that the PBM's use spread pricing to pay less to the pharmacies than they are being paid by the plan sponsor so they can make additional money from each prescription. He then went on to say that his company was audited annually for non-FDA approved prescriptions and had to pay the PBM's back for those prescriptions. All of which should have been a pass-through refund to the plan sponsor, but instead they keep the money.

Anyway, we were on vacation and talking over drinks to I didn't think much of it, but it did spark my curiosity. So, when I got back to work, I contacted our AIC rep and asked to see out drug usage over the last three years and the annual cost associated with each drug. They kindly sent me the information I requested so I then asked them to send me the NDC numbers for each of the medications listed on the report. They sent me a list of medications and NDC numbers only. I reached out to them again and clarified that I wanted to have the NDC numbers matched with the initial report they provided. Then a supervisor contacted me and stated that they could not provide that information to me. When I asked why, she answered with a question of her own stating, "Why do you want this?"

I felt this was odd so I simply stated that I'd just like to review this information and didn't understand why they would not provide it since it was the City of Winfield's information in the first place. She then said that she would have to check with her supervisor and get back to me.

Approximately four weeks past and I had not heard from anyone, so I reached back out to our AIC representative. She assured me that they were working on it and I would hear back from her supervisor soon. Two more weeks past and I reached out again. Finally, her supervisor responded and said that I would need to sign a non-disclosure to get that information. I agree to sign the non-disclosure and asked to see the contract with the PBM as well.



Without providing me the non-disclosure or the information the supervisor ceased communication with me. Two weeks later I reached out to the supervisor directly and asked where the non-disclosure and the info I requested was. She responded by saying, "I did consult with management and have confirmed that I am not able to get an itemized list of each rx and the corresponding NDC #. What we previously sent is the extent of what I will be able to provide for reporting when it comes to NDC's, tied to your group's claims."

Since we are a small community, I thought that I would bypass AIC and go directly to the local pharmacies to get the answers I sought. I was informed that they are prohibited from providing this information to us and the PBM is the only entity that I could get that information from. This information was defeating due to the only conduit we have to our PBM is our healthcare provider AIC.

I'm not sure what is going on, but the secrecy does nothing to alleviate our suspicions or clarify the City's relationship to the PBM. In being fully funded by AIC it seems that we cannot have access to the PBM directly. However, Bill 2598 seems to address many of the issues I've encountered for self-funded plan sponsors. Any kind of illumination that can be brought into this part of the healthcare industry can only improve the provision of healthcare and add a layer of accountability to the rising cost of healthcare.

Regards,

James E. Chism
City of Winfield Human Resource Director