



Interim Comments regarding 2015 SB 103

Special Committee on Insurance
December 7, 2015

Submitted by Michael D. Harrold, Senior Director, State Government Affairs

Chairman Schwab and members of the committee, thank you for the opportunity to submit comments on 2015 Senate Bill 103.

Express Scripts is the nation's largest pharmacy benefits manager or PBM. We improve health outcomes by making the use of prescription drugs safer and more affordable. Express Scripts administers pharmacy benefits for Kansas employers, health plans, labor unions, Medicare beneficiaries, and TRICARE, the health plan for active-duty military, retired military and their dependents. Express Scripts helps our clients manage prescription drug spending through proven tools and techniques, including the use of formularies, retail networks, generic drugs, mail order and through our specialty pharmacy services.

We appreciate the opportunity to comment on 2015 Senate Bill 103. As a pharmacy benefit manager, we use maximum allowable cost (MAC) reimbursement methods to ensure a fair reimbursement to pharmacies for generic drugs. MAC pricing was originally developed by state Medicaid programs after audits proved they were overpaying for generic medications. Today, 46 Medicaid programs, multiple federal programs, and most private payers use their own MAC processes. This method of reimbursement ensures that the pharmacy providers do not overcharge plan sponsors for generic medicines.

Drug manufacturers constantly adjust their prices to reflect changes in the marketplace. PBMs use proprietary methods to determine fair and appropriate reimbursement prices. We update MAC lists on a regular basis and ensure our pharmacy providers have access to the lists. We also have an appeals process for providers to submit appeals when they feel a reimbursement was not adequate. Our appeals process is transparent, includes contact information and is included in our provider manual given to all pharmacy providers.

Express Scripts had a number of concerns with 2015 Senate Bill 103 as it was introduced and originally considered. However, over the interim we have had numerous internal phone calls, conference calls with the Kansas Pharmacy Association and its members and two face-to-face meetings. The meetings and calls have been informative and most importantly productive. The initial meeting began with several areas of disagreement. Over the months both sides have compromised and today we have a product that we at Express Scripts can agree to not oppose.

Thank you again for the opportunity to comment and I will be happy to answer any questions the committee may have.