MAINE ASSOCIATION
OF
HEALTH PLANS

Testimony of Katherine Pelletreau
to the Joint Standing Committee on Insurance and Financial Services
In Opposition to
LD 919 An Act to Provide Access to Opioid Analgesics with Abuse-deterrent Properties
April 16, 2015

The Maine Association of Health Plans has four members including Aetna, Anthem Blue Cross and Blue Shield, CIGNA and Harvard Pilgrim Health Care. Collectively, MeAHP's members provide or administer health insurance coverage to over 600,000 Maine people.

Opioid abuse is a national public health problem, especially acute in Maine, that demands comprehensive and multi-faceted treatment. While we understand the goals of this bill are to reduce drug dependency, we are concerned that the approach the bill takes will raise costs for all policyholders.

Abuse-deterrence is a new science

There is ongoing research and debate around the country, and within the FDA, as to which formulations have demonstrated abuse-deterrence. Because the analytical, clinical, and statistical methods for evaluating abuse deterrent technologies are rapidly evolving, there is some concern as to whether existing and new drugs have demonstrable benefits in deterring abuse. Just this month, for example, the FDA released guidance[1] that makes recommendations about how studies that demonstrate abuse-deterrent properties for a particular formulation should be conducted and evaluated, and how these studies should be reflected in product labeling.

While the FDA guidance does note that, "abuse-deterrent does not mean abuse-proof," the guidance does raise the question as to whether current studies demonstrate the efficacy of abuse-deterrent formulations. As with any new or emerging technologies, the Legislature should be cautious when mandating their use without strong evidence of effectiveness.

Health plans use formulary management tools to control costs for patients and premium payors

Treating physicians already have the ability to prescribe an abuse deterrent version of a drug if they know the person is an abuser and want to address that issue.

[1] http://www.fda.gov/downloads/drugs/guidancecomplianceregulatoryinformation/guidances/ucm334743.pdf

This bill requires abuse deterrent formulation opioids be placed on the lowest cost tier, eliminating incentives for patients to use lower cost generics. This practice allows drug manufacturers to raise prices knowing that cost sharing is limited to the lowest level for patients. It drives patients and physicians towards more expensive brand name drug formulations and away from lower cost generics raising costs for all premium payors.

Prescription drug costs are rising

Prescription drugs are among the fastest growing components of health care costs today. U.S. spending on pharmaceuticals increased by 13% in 2014.[2] Understandably, premium payors, often employers, have looked to their health insurers and pharmacy benefit managers to help manage escalating costs. Proposals like LD 919 that dictate certain cost and reimbursement structures restrict health plans ability to offer affordable benefit designs.

This bill is a mandate

Under ACA requirements, states must defray the costs of state-mandated benefits passed after December 31, 2011 for qualified health plans in the individual and small group markets. When considering the passage of any coverage mandate, the Committee should consider the cost implications to the state for products available through the Exchange as well as for the state employee health plan.

As with any state mandate, this will apply only to the fully insured commercial market, not to MaineCare, not to Medicare and not to self-insureds.

[2] IMS Institute for Healthcare Informatics, "Medicines Use and Spending Shifts: A Review of the Use of Medicines in the U.S. in 2014" http://www.imshealth.com