

April 7, 2009

Senator Bert Stedman
Alaska State Legislature
Rm. 516
Juneau, AK 99801-1182



Jack C. McRae
Senior Vice President

Dear Senator Stedman:

On behalf of Premera Blue Cross Blue Shield of Alaska, I am writing to you, a member of the Senate Finance Committee, to express our concerns with SB 10 regarding coverage of routine patient care costs during a cancer clinical trial. We would like to work with you and members of the committee to suggest amendments to this bill.

We recognize the importance of cancer clinical trials in identifying effective and safe treatments that are based on evidence and research. To that effect, Premera already covers the routine costs for our members who are participating in phase 2 or 3 cancer clinical trials.

As drafted, SB 10 is a mandate requiring insurance companies to cover all phases of cancer clinical trials. Mandates have the net effect of increasing the cost of insurance, and we expect that SB 10 will increase the cost of insurance to Alaska consumers. However, if passed and implemented, this requirement would not apply to self-funded groups. Since self-funded groups are not regulated under state law, mandates such as this one, will primarily apply to insurance coverage offered to individual policyholders and small groups. As you are well aware, small groups are currently struggling to provide insurance for themselves and their employees, especially during these tough economic times. SB 10 will impact the most vulnerable segment of the insurance market by increasing the cost of their health insurance.

Our concerns with the bill are expanding this coverage to phase 1 and 4 trials for patient safety and treatment effectiveness reasons.

In a phase 1 trial, the drug or treatment is still being evaluated, and there is no reasonable expectation of a therapeutic benefit to the patient. Phase 1 trials may be considered close to basic research since they involve testing agents that are not known to have an effect on cancers in the human body. Basic dose mechanisms, drug toxicities, and safety aspects have yet to be validated. We are concerned with requiring coverage for phase 1 clinical trials, when the safety and efficacy of the proposed treatment have not been established.

At a phase 4 trial, we would cover the treatment if it is medically necessary. However, there may be other known medical treatments that are available for the patient that are more effective. And, we would like the flexibility to review and pay for these other medical treatments that may be more beneficial to our members.

Thank you for considering our concerns. If health insurance is mandated to cover routine care for members in phase 1 and 4 trials, healthcare costs will increase and add to the rising premiums borne mostly by small groups and individual policyholders. We offer our amendments to encourage participation by Alaska residents in cancer clinical trials to expand research and evidence based medicine, while at the same time balancing patient safety and the rising costs of healthcare insurance.

Sincerely,


Jack C. McRae
Senior Vice President