March 16, 2012

Representative Kurt Olson
State Capitol Room 24
Juneau, Alaska 99801

Vice-Chair Craig Johnson
State Capitol Room 216
Juneau, Alaska 99801

PREMERA | BLUE CROSS BLUE SHIELD OF ALASKA

Jack C. McRae
Senior Vice President

Re: HB 218, Specialty Pharmacy Tiers

Dear Chair Olson, Vice-Chair Johnson, and Members of the Committee,

On behalf of Premera Blue Cross Blue Shield of Alaska, I am writing to you to express our opposition to HB 218, pertaining to specialty pharmacy tiers, in its current form.

HB 218 requires member notification related to cost sharing, deductibles or copayments of pharmaceuticals in certain tiers at least 90 days before the terms apply. This bill imposes a new notification requirement that is duplicative of existing notifications already provided to our members about their coverage and changes to benefits. In addition, this notification requirement is duplicative of a new federal healthcare reform requirement. This additional notification requirement will increase costs and premiums for consumers. It can also create confusion for our members who will receive several notices already provided by Premera, as well as notices required by the healthcare reform requirement.

Regarding notice to members, Premera provides timely information to members and groups about our benefit plans, including pharmacy benefits and cost sharing. Currently, we notify members with this information upon initial plan enrollment and renewal. We also notify members if and when a pharmaceutical tier is added to their current pharmacy benefit plan. If there is a change to the prescription drug formulary that would impact member cost sharing, Premera notifies impacted members by mail 30 days before such changes occur. We also provide a notice 45 days in advance of a premium change.

As part of federal healthcare reform, beginning September 23, 2012, insurers will be required to provide a ***Summary of Benefits and Coverage*** document, inclusive of a specific section on prescription drugs and related cost sharing. This document must be provided during application for individuals and groups, upon renewal, and upon request by the member. A change at mid-year, or more specifically, a change that impacts the information provided in the summary document, triggers a notification requirement to members at least 60-days prior to the effective date of the change. This requirement and mid-year notice will impact all plans: grandfathered and non-grandfathered individual and group coverage as well as self-funded plans.

Because of existing notification requirements and processes and the imminent federal healthcare reform requirement to provide ***Summary of Benefits and Coverage*** information to members and group health plans, we oppose HB 218.

Thank you for your consideration. I would be happy to answer any questions that you may have.

Sincerely,

Jack C. McRae

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