

Testimony on HB 226

House Health and Social Services Committee

February 27, 2024

- Mr. Chair, members of the committee, Gary Strannigan here for Premera Blue Cross testifying in opposition.
- Premera supports access to pharmacies and transparency for our members.
- We respectfully ask that section 14 be deleted as it could impact premium by as much as 10%.
- The affordability problems in Section 14 of the bill include the ban on spread pricing, and the in-network and out-of-network pay parity provision, which as drafted prohibits cost-sharing discounts to incentivize use of high-quality low-cost pharmacies or mail-order pharmacies.
- In addition, on behalf of our members, we oppose the dispensing fee as it is contemplated in section 9. The dispensing fee would insulate pharmacy services from competitive pressures and accountabilities. We feel that this would have a negative impact on both cost and quality.
- This is very complicated legislation. In our view, the House would do well to take a deliberative approach as the pharmacy supply chain is very complex.

For example:

- Pharmacists have their own version of a PBM which is not impacted by this bill.
- Every piece of the drug supply chain, including pharmacies takes a spread. This bill prohibits that spread for PBMs and carriers. If it moves forward, the prohibition should apply across the board.
- Hospitals have the rich 340b program, where there is an average markup of 600%. This is not impacted by the bill.
- Hospitals not in that rich program markup their drugs on average 240%.
- Premera needs Pharmacists to meet the needs of our members in both rural and urban areas. We need to work together to see that these

services are delivered with quality, cost and value as foremost considerations.

- With sections 14 and 9 included, this bill fails to meet that test.