

## **CVS Health-SB 121**

Good afternoon Chair Bjorkman and Members of the Committee:

Thank you for the opportunity to testify today. For the record, my name is Brenda Snyder, State Government Affairs Director for CVS Health, joining from Tacoma WA and speaking in opposition to SB 121.

As I've previously shared, SB 121 will significantly increase prescription drug costs for patients, drive up healthcare costs for hardworking Alaska families, large employers, and small businesses, and will do nothing to increase access to care for Alaskans.

Employers, insurers, and governments choose to contract with PBMs, as part of their health plan offering, to administer the prescription drug portion of the health care benefit. PBMs, such as CVS Caremark, offer a menu of options for employers and plan sponsors to choose from in designing their pharmacy benefits. Plan sponsors determine the design, PBMs administer the benefits.

As you've heard others mention, there are several concerning provisions in this bill that eliminate the cost-control measures that plan sponsors choose to utilize:

1. SB 121 Bans insurers from offering lower costs to individuals managing chronic conditions who receive their prescriptions by home delivery.
  - a. Mail-order pharmacies are particularly important to chronically ill individuals on maintenance medications that help manage conditions like diabetes, high blood pressure, and high cholesterol.
  - b. Many plans choose to provide financial benefits – like reduced or eliminated copays – for members who use a home-delivery option or require members to receive certain maintenance or generic drugs through the mail – which allows them to provide members with the lowest-possible premiums, copays, and other cost-sharing amounts.

2. SB 121 Prohibits insurers from offering more affordable pharmacy options to those who require high cost, specialty medications that treat complex conditions.
  - a. *Specialty medications are utilized by highly sensitive patients and can cost tens of thousands of dollars per month. They typically require special handling and treat complex conditions like cancer, hemophilia, rheumatoid arthritis, and inflammatory conditions*
  - b. SB 121 would prevent insurers from offering lower-cost pharmacy options to their members by effectively banning preferred pharmacy networks, including exclusive specialty pharmacy arrangements. Just as insurers use preferred networks of doctors, hospitals, and other providers, they rely on preferred pharmacy networks to keep benefit costs lower for consumers and small businesses.
3. SB 121 also Prevents a patient's insurer from communicating with a patient about certain pharmacies offering a lower cost option for a prescription. This is anti-competitive and would harm Alaskan consumers.

Senate Bill 121 ignores the long-standing value of benefit plan design and instead requires a one-size-fits-all mandated design through a series of provisions that eliminate this flexibility. Undermining the employer and plan sponsors ability to determine how to structure their health care spend will driving up costs for employers and plan sponsors across the state, which will be directly felt by Alaskan consumers.

SB 121 only increases costs and we respectfully ask for your opposition.

Thank you.