



**ALLIANCE OF HEALTH INSURERS, U.A.**  
10 East Doty Street, Suite 500  
Madison, WI 53703  
608-258-9506

Anthem Blue Cross and Blue Shield in Wisconsin  
Delta Dental of Wisconsin, Inc.  
Humana, Inc.  
MHS Health Wisconsin.  
Molina Healthcare of Wisconsin  
UnitedHealthcare of Wisconsin  
WEA Insurance Corporation  
WPS Health Insurance

To: Chairpersons Alberta Darling and John Nygren  
Members, Joint Committee on Finance  
From: R.J. Pirlot, The Hamilton Consulting Group, Inc.  
Subject: Opposition to Pharmacy Society of Wisconsin’s Pharmacy Benefit Manager Proposal  
Date: May 06, 2015

---

Recently, we became aware that the Pharmacy Society of Wisconsin is suggesting that within the biennial budget bill, Wisconsin impose new regulations on the Pharmacy Benefits Manager (PBM) industry. The suggestions are sweeping, would represent a significant shift in policy in Wisconsin and, frankly, collectively go far beyond any regulations our members are aware of in the fifty states. As such, we strongly urge you to not include such changes within the state budget.

As we understand the Pharmacy Society’s proposal, we believe it would:

- Require plans to cover early refills of prescriptions for individuals with chronic conditions in order to allow for them to receive all medications during a single pharmacy visit.
- Impose restrictions on the calculation and implementation of maximum allowable cost (MAC)-based pharmacy reimbursement methodologies for generic drugs and their brand name counterparts.
- Require disclosure of proprietary MAC calculation methodology.
- Require registration of PBMs with the Office of the Commissioner of Insurance.
- Expand Wisconsin’s “any willing pharmacy” law.
- Prohibit PBMs from offering a lower copay for mail order pharmacy, require an opt out from mandatory mail order requirements, and allow a member to have a prescription filled at any pharmacy.
- Prohibit certain network contract arrangements.
- Institute new step therapy management requirements.
- Impose limits and restrictions on PBMs’ pharmacy auditing practices including anti-claw back provisions.

The Pharmacy Society’s proposals include onerous, new regulations of PBMs and would reduce consumer access to medications.

PBMs have developed an array of tools and techniques to help employers and other health plan sponsors offer high quality, cost effective prescription drug benefits to their enrollees. Through these clinically-based services, PBMs are able to reduce medication errors, increase compliance with drug therapies, and improve health outcomes. In addition, PBMs utilize tools such as pharmacy networks of retail pharmacies to provide consumers with convenient access to prescriptions at

discounted rates. PBM clinical management tools such as drug utilization review and disease management also help to encourage the best clinical outcomes for patients.

The proposed restrictions on mail-service pharmacies are particularly worrisome. Mail-service pharmacies serve to help supply home-delivered prescriptions, particularly of benefit to the elderly, the disabled, and the homebound. Such pharmacies also serve to save employers and their employees money because health plans and employers frequently chose to provide employees with the option of a lower co-payment on a 90-day supply of their medications through the use of mail-service pharmacies. This provides significant cost savings, particularly for medications prescribed for chronic conditions.

Moreover, the Centers for Medicare and Medicaid Services has concluded that mail-service pharmacies save 16% vs. retail pharmacies.<sup>1</sup> Further, the Kaiser Family Foundation projected drug expenditure savings over a ten year period (2014-24) by mail-service pharmacies save the state, Wisconsin businesses and consumers over \$1 billion.<sup>2</sup>

The Alliance of Health Insurers respectfully request you not include any of the changes suggested by the Pharmacy Society of Wisconsin regarding PBMs. PBMs are innovative and effective cost control techniques which should be encouraged, not discouraged.

---

<sup>1</sup> Centers for Medicare & Medicaid Services, “Part D Claims Analysis: Negotiated Pricing Between General Mail Order and Retail Pharmacies,” December 2013, available at <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/Downloads/Negotiated-Pricing-Between-General-Mail-Order-and-Retail-PharmaciesDec92013.pdf>.

<sup>2</sup> Kaiser Family Foundation, “Distribution of Health Care Expenditures by Service by State of Residence,” available at <http://kff.org/other/state-indicator/health-spending-by-service-2/>.