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HEADQUARTER OFFICE

Ann Marie Moss
Executive Director

January 31, 2023

House Health Care and Wellness Committee
416 Sid Snyder Ave SW
Olympia, WA 98504

Re: Support for HB 1465

The Coalition of State Rheumatology Organizations (CSRO) is a national organization composed of over 30 state and regional professional rheumatology societies, including our member organization in Washington. CSRO was formed by physicians to ensure excellence and access to the highest quality care for patients with rheumatologic, autoimmune, and musculoskeletal disease. It is with this in mind that we write to you regarding HB 1465.

As you consider HB 1465, CSRO would like to share its support for efforts to ensure that rebate dollars benefit the patients who generate them.

Patients across the country face untenable out-of-pocket costs for prescription drugs. Rheumatologists treat patients with complex autoimmune conditions, such as rheumatoid arthritis, and difficulty affording treatment is a common issue experienced by our patients. The use of coinsurance based on the list price and not the negotiated price of a drug is a large contributing factor in this problem. Under this cost-sharing design, patients pay a percentage of a drug's list price, which can amount to thousands of dollars per dose. However, the true cost of the drug to a health plan is almost always substantially reduced by rebates negotiated by a pharmacy benefit manager. In many cases this can be by as much as 50% or more of the drug's list price.

In effect, PBMs and health plans use patients' utilization of prescription drugs to pocket rebate dollars while also extracting cost-sharing amounts from these same patients that are not commensurate with the true cost of the drug to the plan. An analysis by Drug Channels estimates that the spread between list and net prices for insurers was over \$200 billion in 2021.¹ Further states across the country have begun requiring PBMs and insurers to report the number of rebates they receive, retain, and pass back to enrollees. Data reported to the Texas Department of Insurance displays that the patients who generate rebate dollars through their utilization benefit very little from these savings. Of \$5,709,118,113 in rebates generated by PBMs in Texas for Texas insurers, only \$11,913,147 made it back to patients in the form of direct savings. Astoundingly, PBMs also retained \$751,896,528 of these dollars for their own revenue.²

¹ <https://www.drugchannels.net/2022/07/warped-incentives-update-gross-to-net.html#more>

² <https://www.tdi.texas.gov/reports/life/documents/2021-hb2536-pbm.pdf>

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This system is patently unfair, and amounts to a system of reverse insurance where the sick subsidizes the costs of the healthy. Insurers' plan design exacerbates this unfairness and affordability issues by purposefully charging patients cost-sharing amounts that they know full well do not reflect the real price borne by insurers for the drug.

HB 1465 would work towards solving this issue and help patients afford their medically necessary medications by requiring insurers to pass through 100% of rebate amounts they receive to patients at the point of sale. This would deliver immediate cost saving to your constituents.

For these reasons, CSRO requests your support for HB 1465.

We appreciate your consideration of our comments.

Respectfully,



Gary Feldman, MD, FACR
President, CSRO



Madelaine Feldman, MD, FACR
Vice President Advocacy & Government Affairs, CSRO