

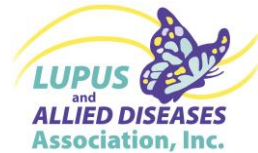
American Academy
of Pediatrics

DEDICATED TO THE HEALTH OF ALL CHILDREN™

Louisiana Chapter



**EPILEPSY
FOUNDATION**
Louisiana



National Kidney Foundation™
of Louisiana



The Sarcoidosis Awareness
Foundation of Louisiana, Inc



Dear Louisiana Legislator:

Almost all consumers who have health insurance pay only a portion of the cost for prescription medications. Most health insurance providers contract with third-party companies called pharmacy benefit managers (PBMs) to administer and process prescription drug claims. PBMs and insurers set the out-of-pocket price a consumer must pay for medicine, a practice sometimes called “cost sharing” or “patient burden.”

While biopharmaceutical manufacturers provide discounts to consumers and insurers via rebates negotiated by PBM middlemen, some PBMs and insurers keep the negotiated manufacturer rebates as profit—instead of passing those savings to the consumer or using those discounts and rebates to lower premiums and cut other costs.

Louisiana is home to some of the nation’s strongest laws when it comes to ensuring all consumers have access to the right medication at the right time. However, the practice of some PBMs and insurers keeping rebate dollars instead of passing them on to consumers is influencing drug affordability. We urge you to consider the following policy goals to build a system that ensures consumers benefit from discounts and savings on necessary medications:

- ☑ **Hold PBMs Accountable for Sharing Rebates & Discounts with Consumers:** The rebate system was intended to generate cost-savings for consumers, but unfortunately has enabled PBMs and insurers to pocket rebates and discounts without any disclosure to consumers. Insurers and PBMs should reduce out-of-pocket cost burdens they would otherwise charge to an enrollee by an amount equal to or greater of a majority of the total rebates/discounts they receive from manufacturers.
- ☑ **Encourage Consumer Education & Empowerment:** Today, pharmacists are prohibited from providing information to patients regarding the cost of their medications due to “gag clauses” in their contracts with a PBM. Pharmacists should be able to maintain an open dialogue with the consumer to share information on the costs of the medication, and if the consumer could see a cost-savings if they were to pay for the medication without using a health benefit plan.
- ☑ **Shine Light on True Costs for Consumers:** Consumers should not have to pay more than their insurer for a medication. To shine light on this practice, health insurers should also disclose to current and prospective

enrollees the fact that they may be subject to an “Excess Cost Burden,” or out-of-pocket cost burdens that are greater than the amount that their insurer pays.

- ✓ **Increase Formulary Transparency:** Medication formularies (or covered drug lists) should be constructed based on effectiveness, safety, and ease of administration. PBMs should be required to publish on an easily accessible website for each health benefit plan formulary, with timely notification of formulary changes and/or product exclusions, improving a consumer’s ability to understand their coverage and obtain their medications in a timely and predictable manner.
- ✓ **Create Transparency & Disclosure:** To ensure transparency and disclosure, PBMs and insurers should provide the Department of Insurance with an annual report that discloses the total amount of rebates received, total rebates that did not pass through the insurer to the enrollee, and the total administrative fees received by the PBM. Health insurers should also be required to certify to the Department of Insurance that enrollees were provided at least a majority of rebates.

We respectfully ask that you and your colleagues in the Louisiana Legislature join in implementing these critical recommendations this legislative session to ensure that all consumers benefit from a better healthcare system.

Patients share the costs—it’s time for patients to share the savings.

Sincerely,

American Academy of Pediatrics, Louisiana Chapter
Epilepsy Foundation of Louisiana
Global Healthy Living Foundation
H.E.A.L.S. of the South
Lupus & Allied Diseases Association
NAMI Louisiana
NAMI New Orleans
NAMI St. Tammany
National Multiple Sclerosis Society
National Kidney Foundation of Louisiana
Rheumatology Alliance of Louisiana
The Sarcoidosis Awareness Foundation of Louisiana, Inc.
U.S. Pain Foundation
U.S. Rural Health Network