

THE SITUATION IN LOUISIANA

If you take any medication, you may wonder how insurance providers decide your portion of the cost. Almost all patients 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 set the price a patient must pay out-of-pocket for a prescription drug, a fee sometimes called “cost sharing.”

Unfortunately, PBMs often keep the negotiated discounts and rebates from biopharmaceutical manufacturers as profit—instead of passing those savings to the patient. As a result, patients are paying cost sharing that does not reflect the actual lower cost of the drug and are often higher than their health insurer pays, which drives up out-of-pocket costs and copayments.

A recent study by Milliman analyzed what would happen to health plan premiums if the prescription drug discounts and rebates were shared with patients. The study indicated that patients would benefit more from shared prescription drug discounts than lower health plan premiums—with certain commercially insured patients saving anywhere from \$145 to more than \$800 annually if discounts and rebates were shared with patients.

THE SOLUTION

Louisiana is home to some of the nation’s strongest patient protection laws to ensure all patients have access to the right medication at the right time. We must act now to ensure patients benefit from discounts and savings on these necessary medications.

- **Ensure Patients Benefit from Rebates & Discounts**
The rebate system was intended to generate cost-savings for patients, but unfortunately has enabled PBMs to pocket rebates and discounts. This proposal would require a health insurer to reduce the level of cost sharing that it would otherwise charge an enrollee by an amount equal to or greater of a majority of the total rebates.
- **Reduce Costs for Patients**
Patients should not have to pay more than their insurer for a medication. To eliminate this, the health insurer must disclose to current patients and prospective enrollees the fact that they may be subject to an “Excess Cost Sharing,” or cost sharing amount charged to the patient that is greater than the amount that their insurer pays.

- **Improve Patient Access**

Formularies should be constructed based on effectiveness, safety, and ease of administration. PBMs will be required to publish on an easily accessible website each health benefit plan formulary, with timely notification of formulary changes and/or product exclusions. This is critical to improving a patient's ability to obtain their medications in a timely and predictable manner.

- **Create Transparency & Disclosure**

To ensure transparency and disclosure, PBMs will provide the Department of Insurance with an annual report containing the sum of rebates received, the sum of rebates received that did not pass through the insurer, the sum of administrative fees received. This information, excluding any confidential and proprietary information, would be publicly available to patients on the Department of Insurance website to provide information on prices charged for specific drugs or classes of drugs, or the amount of any rebates provided for specific drugs or classes of drugs. Health insurers would also be required to certify to the Department of Insurance Commissioner that enrollees were provided at least a majority of rebates.