



Academy of
Managed Care
Pharmacy®

The Honorable Larry Hogan
Governor
Office of the Governor,
100 State Circle
Annapolis, MD 21401

RE: House Bill 435 – Prescription Drugs – Formulary Changes

Dear Governor Hogan,

AMCP writes to request your veto on House Bill 435 which implements an exception process for coverage of a drug removed from a formulary at the previous cost sharing level. Imposing government mandated restrictions on formularies as outlined in the bill could have the unintended consequence of raising the overall cost of health care coverage for patients.

AMCP is the nation's leading professional association dedicated to increasing patient access to affordable medicines, improving health outcomes and ensuring the wise use of health care dollars. Through evidence- and value-based strategies and practices, the Academy's 8,000 pharmacists, physicians, nurses and other practitioners, including members in Maryland, manage medication therapies for the 270 million Americans served by health plans, pharmacy benefit management firms, emerging care models and government.

This bill would limit a health plan's ability to effectively manage its population's drug costs. For instance, if a generic equivalent is approved and marketed during a plan year, a health plan should be able to structure its formulary to encourage the use of the generic. A requirement to maintain the cost sharing of the branded drug at that of the level of the generic defeats the purpose of a formulary that incentivizes the use of generics and other affordable alternatives. Health plans must already have a mechanism for exceptions to be granted in the case where a prescriber can provide documentation that supports the need for a patient to remain on a drug.

A health care plan formulary is developed by a pharmacy and therapeutics committee (P&T committee), made up of health care professionals – including prescribers and pharmacists and meets on a regular basis. When developing the formulary, the Committee considers the safety, effectiveness and affordability of the drugs using peer-reviewed literature, clinical trial information and related sources to better inform decision making on therapeutic classes and formulary updates that will ensure best practices. Formularies evolve as health care plan professionals review, interpret, and evaluate information on prescription drugs in patient populations to improve the prescribing patterns, administration, and use of drugs, especially as generic drugs enter the market.

When a better product or one that costs less (including generics) enters the market during the plan year and plans make changes to the formulary to include that product, then the health care plan should be able to encourage its use. At a time when the overall health care system is struggling with ways to address the rising cost of drugs, House Bill 435 would potentially move Maryland in the opposite direction. This bill would also increase health care costs for your state.

Therefore, AMCP urges you to veto House Bill 435. If you have any questions, please contact AMCP's Legislative Analyst, Elisabeth Brisley, at (703) 684-2634, or ebrisley@amcp.org

Sincerely,

A handwritten signature in black ink, appearing to read "Susan Cantrell". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

Susan A. Cantrell RPh, CAE
Chief Executive Officer