

Good afternoon, Madam Chair and members of the Senate Human Services Committee, my name is Megan Houn with Blue Cross Blue Shield of North Dakota.

I stand today in opposition of House bill 1413, relative to copay coupons. Copay coupon legislation is two things, one a balloon squeezer, meaning if passed, it may simply lower costs in one area but cause them to grow in another, and secondly, a wolf in sheep's clothing.

- Copay coupons are coupons given by pharmaceutical manufacturers to keep our members on very expensive drugs.
- The goal of pharmaceutical companies in this situation is to appear to make their drugs more affordable, while still getting reimbursed the full amount from insurance companies.
- Brand name coupons increase spending by \$32 billion nationally in commercial markets.
- Coupons are time limited, so our member pays the full amount once the coupon expires.
- Federally, drug coupons are illegal. Anti-kickback legislation prevents use of drug coupons on Medicare, Medicaid, and any of the federal insurance plans.
- Maybe most importantly, pharmaceutical companies do not offer drug coupons to the uninsured. Arguably, those who need them the most, do not receive any relief on their prescription drugs. Pharmaceutical companies target people with private, commercial, non-federal coverage for these coupons.
- Additionally, with respect to the copay accumulator portion of the legislation, CMS ruled that for some of the 2023 individual ACA plans, copayments cannot contribute towards the deductible, so those plans would be pre-empted from this bill and result in this law not applying to all copayment plans even in the fully insured markets. Given that state-imposed health insurance mandates already only apply to fully insured business, and now some of those plans have also been excluded by law, the margin of folks who would benefit from the proposed legislation is even narrower.
- We do believe that this is a mandate, given the language in line 19, so respectfully ask that the PERS trial language be added on. It might be noted that in its original hearing in Employee Benefits on the original bill, there was an \$18 million-dollar fiscal note for PERS alone. It would be worthwhile to study the impacts of this in any case.
- Blue Cross Blue Shield of North Dakota did dig into potential cost impacts of the bill as it currently stands and found that there would be a roughly \$30-\$130 premium impact for a fully insured member regardless of whether they receive a copay coupon. There would also be some substantial administrative costs to make changes to our plans based on the copay accumulator language.

Thank you for your consideration today, Madam Chair and I would stand for any questions.