



One Blanchard Court, Suite 101, Montpelier, VT 05602-3843
802.229.4900 | www.leoninepublicaffairs.com

April 24, 2023

House Health Care Committee
Vermont State House
115 State Street
Montpelier, VT 05633-5301

RE: S.65, An act relating to commercial insurance coverage of epinephrine auto-injectors

Dear Chair Houghton and Committee Members:

Per the committees' request, below is a summary of the testimony I provided on behalf of MVP Health Care (MVP) regarding S.65 on April 18, 2023, along with answers to committee questions.

Summary of Testimony

- MVP covers both brand and generic versions of epinephrine auto-injectors.
 - Generic version covered under Tier 1 of formulary
 - Certain brand version covered under Tier 2 of formulary
 - Adrenaclick covered under Tier 3
 - Auvi-Q not covered on formulary
- There is an exceptions process in place for patients (and their providers) to request coverage of drugs not included on the formulary. There would need to be clinical justification as to why Auvi-Q is more clinically appropriate than the formulary drugs.
- MVP works with our PBM and community clinicians to make decisions about formulary inclusion and placement. Those discussions focus on clinical efficacy and cost. All formulary decisions are made by an MVP Pharmacy and Therapeutics Committee, which includes both MVP's employed clinicians (physicians and pharmacists), as well as clinicians in our provider network, including those with experience and expertise in treating certain conditions.
- Member prescription drug formulary cost share varies by product but in general:
 - Tier 1 drugs are least expensive and preferred (generics and low cost brand drugs)
 - Tier 2 drugs are more expensive brand and generics
 - Tier 3 are highest cost drugs
 - Formulary benefit designs charge lowest copays on tier 1, then higher on 2, etc.
- Absent insurance (or before deductible) cost of epinephrine auto-injectors can vary by hundreds of dollars per kit (~\$150-600)
- Brand name drug manufacturers offer copay coupons today (where they pay your cost share if you use brand instead of generic)
- VT law sets a maximum out-of-pocket cap for prescription drugs today – which already increase premiums disproportionately.
- Prohibiting any cost sharing only masks the true cost of these drugs and provides no incentives to utilize generics.

- Prohibiting cost sharing will likely result in utilization of more high-cost brand name drugs that may not be any more effective for the patient than the generic.
- A waiver of cost-sharing by MVP for non-preventative items including epinephrine auto-injectors could not apply to HDHP plans before the member satisfies the HDHP deductible without negative tax consequences to MVP members.
- Policy makers should be mindful of rising health care costs and affordability. The cost impact of eliminating cost sharing for epinephrine auto-injectors may be limited but there are other proposals introduced before this body that would require coverage of other items and services without cost share to MVP members. The cumulative effect of these various changes could further increase insurance premiums for individuals and small businesses at a time they can least afford it. Policy makers should also consider the potential inequity of singling out any one non-preventive care item, prescription drug or service for cost-sharing elimination over another.

Responses to the committee's questions from MVP:

What percentage of MVP members have a prescription for epinephrine auto-injectors? Roughly 1.5% of MVP Vermont members (~32,000 members total in fully insured individual and small group market). A majority of these claims are on Tier 1 drugs, which have the lowest cost-share.

How much did MVP's premium rates increase last year over this year? The GMCB approved *average* rate increases of 19.3% for individual market policies, and 18.3% for small group policies. The rate increases are a result of significant increases in overall health care costs (trends) from continued COVID-19 treatment and response, hospital labor shortages and inflationary pressures, and rising prescription drug costs, among other things. MVP also owed a sizable payment to BCBS under the ACA risk adjustment program, which is accounted for in the final approved rates. These are average increases, and actual increases vary by individual product. Rising health care costs are a major challenge, and something we all want to better control. Premiums are a reflection of underlying health care costs.

Does MVP offer any health insurance plan in Vermont that does not have cost-sharing for prescription drugs? Yes, typically contraceptive drugs and preventive care drugs are provided at no or low-cost for members. Vermont state law and the federal Affordable Care Act both require coverage of contraceptive drugs at no cost share. Under the Affordable Care Act, health plans must also provide access to certain preventive care services at no cost to the member, including prescription drugs. The ACA preventive care drug list includes vaccinations, tobacco cessation products, bowel preparation medicine, and breast cancer and prediabetes breast cancer prevention. MVP also covers a list of "VBID Value" drugs at a \$1 or \$3 copay per 30-day supply to help control blood pressure, treat diabetes, control high cholesterol, prevent clotting, treat osteoporosis, and to treat asthma.

How much would MVP's premiums increase if S.65 passed? MVP has not priced this out, but likely minimal cost impact given low utilization. However, it's appropriate policy to ask why this class of drugs should receive preferential financial treatment over others. Additionally, we always need to be mindful of the cumulative impact of coverage and other mandates, which are ultimately born by Vermont rate payers in the form of higher premiums.

What are the tax consequences for MVP members in HDHPs if MVP waives cost-share for epinephrine auto-injectors? Under IRS regulations, if a health insurer waives cost-sharing for non-preventive items including epinephrine auto-injectors before the member satisfies the HDHP deductible, then the member will not be eligible to make pre-tax health savings account contributions to the member's health savings accounts. Those contributions become taxable, and members lose their tax advantage.

Thank you for considering this information.

Sincerely,



Clare A. Buckley
Partner