

State of Vermont  
Senate Committee on Finance  
115 State Street  
Montpelier, VT 05633

Dear Chairman Ashe and Members of the Committee:

Thank you for the opportunity to provide testimony in opposition to S. 216. We appreciate the critical work you are doing to improve the lives of your citizens. However, as drafted, this bill will inhibit a plans ability to address the needs of their members and ultimately increase costs to your citizens.

### **Background**

CVS Health provides multiple points of care to patients via our retail, mail, and specialty pharmacies and MinuteClinics. Through our integrated offerings across the spectrum of pharmacy care, we are well positioned to provide greater healthcare access, engage plan members in behaviors that improve their health, and lower overall costs for health plans and their members.

CVS Health operates 8 retail pharmacies in Vermont, and employs over 149 people, (including 21 pharmacists) in the State. CVS Health is the leading provider of prescriptions in the nation and fills or manages 1.7 billion prescriptions each year. The company filled over 361,000 prescriptions and processed almost 1.5m claims through our PBM mail pharmacies for Vermont residents in 2014. There are over 9,500 CVS/pharmacy retail stores within our company, and we are also a leading specialty and mail pharmacy services provider. Our pharmacy benefit management (PBM) division helps public and private health plan clients effectively manage pharmaceutical costs and improve health care outcomes.

### **Formulary and its role**

We help public and private payors improve outcomes and hold down the cost of drugs by using a broad set of evidence-based clinical programs and proven management tools, including formulary.

The CVS/caremark National Pharmacy and Therapeutics (P&T) Committee is foundational in the formulary development and management process. The P&T Committee is an independent external advisory body of experts from a variety of medical specialties including high volume specialty physicians, pharmacists and other health care professionals.

The committee uses scientific-based evidence and determinations of overall value to decide which prescription drugs most closely meet the patient population's needs.

**S. 216 restricts plan's ability to provide specialized coverage for unique plans while controlling costs.**

Formulary development is increasingly important given the vast number and complexity of products and rising drug prices. We work with our PBM clients to develop a formulary to manage health care costs and improve patient access to care.

CVS Health believes PBMs and their clients, plan sponsors, (health plans, employers, government), must be able to independently make decisions regarding health benefits in order to meet the medical needs of their patient populations. Mandates imposed by government restrict the ability to deliver a quality product and decrease the affordability and financial sustainability of the benefit.

A government mandated formulary would prevent a health plan from having the flexibility to develop a high quality and affordable benefit to meet the needs of the patient population it serves. Specifically, government mandates that require certain medications to be included on formularies may have the following unintended consequences:

- **Encourage the use of less-effective medications, or medications with significant safety concern.** PBMs and plan sponsors may use favorable formulary placement to encourage the use of treatments that offer the highest clinical value to patients. In order to protect patient safety, certain drugs with a questionable safety profile may not be placed on a formulary. However, if a single formulary is used, a plan sponsor would have no choice but to offer coverage to all patients, even if the effectiveness or safety of the drug is uncertain. This type of mandate could unnecessarily place patients at risk or otherwise jeopardize patient outcomes.
- **Raise overall costs.** In therapeutic classes with multiple acceptable treatment alternatives, plan sponsors may use favorable formulary placement as a negotiating tool with manufacturers to reduce costs. A single formulary would remove this incentive and severely limit a plan sponsor's ability to negotiate affordable prices.


## Conclusion

Appropriate formularies are critical to ensuring that patients are able to access the safest and most affordable drugs available. Our goal is to provide clients the ability to efficiently and effectively use health care resources, minimize overall medical costs, improve patient access to more affordable care and ultimately provide an improved quality of life.

S. 216 inhibits the use of formulary development to manage health care costs and improve patient outcomes. We look forward to working with you to find a more sensible approach to improve outcomes and contain costs.

Thank you for the opportunity to provide testimony today.

Sincerely,

A handwritten signature in black ink that reads "Kristina R. Arnoux".

Kristina Ragosta Arnoux  
Regional Director, Government Affairs