



# MEMORANDUM IN OPPOSITION

**FOR IMMEDIATE RELEASE: JANUARY 18, 2012**

Re: A.4342 (Perry) – AN ACT to amend the public health law in relation to prohibiting pharmacy benefit managers, health maintenance organizations, insurers and other health plans from offering incentives to health care providers to switch a patient from a specific prescription drug to another specific drug, excluding generic substitution.

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This legislation, A.4342, seeks to prohibit insurers from offering incentives to health care providers who prescribe drugs in accordance with a health plan's formulary. The New York Health Plan Association (HPA) opposes this legislation as it would negatively impact efforts to reduce the cost of prescription drugs for consumers as well as those of health plans to offer affordable health insurance.

Increased utilization, price inflation and higher cost drugs continue to drive increases in prescription drug costs. To counter these increases and keep prescription coverage affordable, health plans use comprehensive quality improvement initiatives — such as pay for performance programs — to reward health care providers for the quality and efficacy of the care that they provide. These plan programs also help counteract the pharmaceutical drug manufacturers' incentives to physicians to induce them to prescribe new, often costly, drugs.

This legislation seeks to prohibit the very policies that are aimed at making prescription drug coverage affordable. The proposal fails to recognize that the vast majority of health plans are utilizing "open tiered" formularies. In an "open" formulary, virtually all drugs are covered to some degree, with drugs not deemed "preferred" designated at a higher copayment level. Consumers want access to proven effective drugs while keeping the costs for those drugs as low as possible. Without efforts to control rising drug costs, consumers and employers would not be able to afford prescription drug coverage. This proposal will increase premiums and result in higher out-of-pocket costs for patients.

Currently New York's state sponsored health insurance programs such as Medicaid and Family Health Plus have similar measures to promote the quality of care provided while seeking to control the cost of that care. This concept of rewarding health care providers for quality of care — including ensuring patients have access to cost effective drug coverage — as opposed to the number of prescriptions they write is an essential component in restructuring the delivery of health care in New York.

This legislation would have the unintended consequence that consumers and employers would be paying far more for prescription drugs. For these reasons, HPA opposes A.4342.

*The New York Health Plan Association represents 25 managed care health plans that provide comprehensive health care services to nearly 7 million New Yorkers.*