



# MEMORANDUM IN OPPOSITION

**FOR IMMEDIATE RELEASE:** June 10, 2008

Re: S.7516-A (Saland) AN ACT to amend the insurance law and public health law, in relation to prohibiting accident and health insurers from offering incentives to healthcare providers to prescribe a specific drug or medical product.

90 State Street • Suite 825  
Albany, NY 12207-1717  
518.462.2293  
Fax: 518.462.2150  
www.nyhpa.org

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This legislation, S.7516-A, seeks to prohibit health 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 efforts of health plans to offer affordable health insurance.

The policies that this legislation seeks to prohibit are aimed at making sure prescription coverage is affordable to consumers. Pharmaceutical drug manufacturers offer incentives to physicians in order to induce them to prescribe their new, often costly, drugs. Health plans offer incentives to health care providers in many cases as part of comprehensive quality improvement initiatives such as pay for performance programs. These programs reward health care providers for the quality and efficacy of care that they provide. Currently New York's state sponsored health insurance programs such as Medicaid and Family Health Plus have similar measures to control drug costs. This concept of rewarding health care providers for the quality of care they provide as opposed to the number of prescriptions they write is an essential component in restructuring the delivery of health care in New York.

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 coverage.

This legislation would have the unintended consequence that consumers and employers would be paying far more for prescription drugs. For all these reasons and more, HPA opposes S.7516-A.

*The New York Health Plan Association represents 27 managed care health plans that provide comprehensive health care services to nearly 7 million New Yorkers.*