

Blue Cross Blue Shield of Michigan

House Health Policy Committee
March 17, 2021

Tim Antonelli, Manager Pharmacy Services
Kristen Kraft, Director State Government Relations

Formularies help ensure the availability of effective, affordable prescription drugs

A formulary is a list of prescription drugs covered by a health plan.

Customers and members expect that we will provide access to needed medications while helping to manage costs

- A formulary helps ensure efficacy, improve outcomes and address costs
- We partner with internal and external medical and pharmacy experts to make informed decisions about drug formularies.
- Regular review and adjustments are necessary to ensure the best care.



TIER	DRUG TYPE	COST
1	Preferred Generics 	\$
2	Generics 	\$\$
3	Preferred Brands 	\$\$\$
4	Non-Preferred 	\$\$\$\$
5	Specialty 	\$\$\$\$\$

How formulary changes protect patients

Common reasons for formulary changes

- FDA safety concerns
- Discontinuation of drug
- Change intends to reduce preventable harm caused by inappropriate use (e.g. overdose)

Safety

- Drug switches from Rx to OTC
- Clinically accepted best practices evolve
- Newly approved drug provides clinical advantages over existing drugs
- New FDA approved indication

Drug Changes

- When drug prices increase and lower cost equally effective alternatives are available

Price Increases

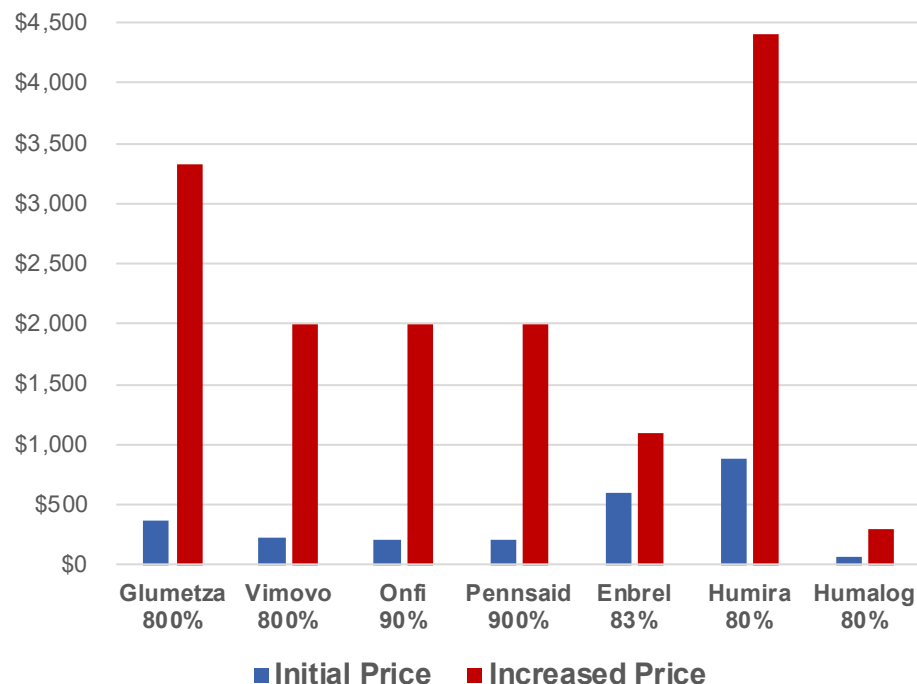
- New drug added to formulary
- New generic or biosimilar has received FDA approval

Benefit Changes

HB 4358 addresses many concerns raised on similar legislation last session. Many of these changes help ensure formularies can effectively manage patient care and ensure access to affordable prescription drugs.

Formulary changes are sometimes precipitated by inexplicable price increases

Unexplained price increases



[“Drug makers kick off 2021 with 500 price increases,” Reuters](#)

Drug makers including Abbvie Inc. and Bristol Myers Squibb raised U.S. list prices on more than 500 drugs to kick off 2021, according to an analysis by health care research firm 46brooklyn.

Formulary changes are necessary to account for inexplicable price increases.

[“With America's attention on COVID-19, drug makers are quietly raising U.S. prescription prices,” Free Press](#)

With most Americans focused on COVID-19 vaccines, pharmaceutical companies are quietly raising the list prices of name-brand prescription drugs at a torrid pace.

An amendment to HB 4358 would **ensure health plans and providers can continue to be effective partners** in patient care.

Amend subsections (2) AND (3) to **include health plan collaboration** in medical necessity process

- Medical necessity currently allows for the **exchange of information between health plans and doctors.**
- Plans **seek to partner with the provider community** to ensure they are well informed of formulary changes and formulary alternatives available.
 - Allows for best information available on safety, cost and efficacy.

Case Example

A drug's market price increased 800%. Health plans worked with providers to increase awareness of cost and switch to a reasonably-priced equivalent, lowering out of pocket costs for patients.