

THE INSURANCE FEDERATION OF PENNSYLVANIA, INC.

Public Testimony

Prepared for

The Senate Banking and Insurance Committee

ON

Senate Bill 616 and Mail-Order Pharmacy Laws

June 9, 2009

**The Insurance Federation of Pennsylvania, Inc.
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GOOD MORNING, AND THANK YOU FOR THE OPPORTUNITY TO BE HERE.
I AM SAM MARSHALL, AND I HEAD UP THE INSURANCE FEDERATION
OF PENNSYLVANIA.

I'LL BE BRIEF: WE OPPOSE SENATE BILL 616 BECAUSE IT PUTS
NEEDLESS RESTRICTIONS ON PRESCRIPTION DRUG PLANS WITHOUT
IMPROVING THE QUALITY OF THOSE PLANS. YOU'VE SEEN STUDIES
ON THIS FROM PEOPLE WITH FAR MORE EXPERTISE AND EXPERIENCE
THAN I CAN OFFER: MAIL-ORDER PHARMACY PROGRAMS SAVE
CONSUMERS MONEY, AND CONSUMERS ARE PLEASED WITH THE SERVICE
AND QUALITY THEY PROVIDE.

BUT I APPRECIATE THE BALANCE IN ALL THIS AND THE VALUE THAT
INDEPENDENT PHARMACIES PROVIDE IN THE HEALTH DELIVERY
SYSTEMS IN MANY COMMUNITIES. I SUSPECT THAT IS MORE THE
CASE IN RURAL COMMUNITIES THAN URBAN AND SUBURBAN ONES,
WHERE THE LARGE CHAINS AND IN-PERSON PHARMACISTS ARE
PLENTIFUL AND CONVENIENT.

I'LL OFFER TODAY WHAT WE BELIEVE IS A FAIR BALANCE OF
LEGITIMATE BUT COMPETING NEEDS AND CONCERNS. WE RECOMMEND
GOING WITH THE APPROACH TAKEN IN 12 OTHER STATES THAT HAVE
CONSIDERED THIS: PROHIBIT AN INSURER FROM IMPOSING CO-
PAYMENTS OR OTHER CONDITIONS ON AN INSURED USING A RETAIL

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PHARMACY THAT ARE NOT IMPOSED WHEN USING A MAIL-ORDER PHARMACY - SO LONG AS THE RETAIL PHARMACY IS WILLING TO OFFER THE SAME PRICING, TERMS AND CONDITIONS AS ARE AVAILABLE AT THE MAIL-ORDER PHARMACY UNDER THAT INSURANCE CONTRACT.

THIS GIVES THE INDEPENDENT PHARMACIES THE CHANCE TO BE IN AN INSURER'S NETWORK - BUT ALSO PROTECTS THE SAVINGS THAT COME WITH NETWORKS AND THE DISCOUNTS THEY CAN PROVIDE TO CONSUMERS. WE'RE NOT TRYING TO DRIVE OUR POLICYHOLDERS AWAY FROM INDEPENDENT PHARMACIES - BUT WE ARE TRYING TO DRIVE THEM TOWARD PRESCRIPTION PLANS THAT SAVE MONEY. THE PROPOSED PROHIBITION WOULD ENSURE THAT THE INDEPENDENT PHARMACIES CAN BE PART OF THOSE PRESCRIPTION PLANS, WHICH WE THINK LETS THEM BE PART OF THE SOLUTION AND THE EFFORT TO HOLD DOWN HEALTH CARE COSTS.

ALL OF US IN THE HEALTH CARE DELIVERY AND FINANCING SYSTEM ARE UNDER CONSTANT PRESSURE TO HOLD DOWN COSTS AND DEVELOP AND JOIN NEW PROGRAMS THAT DO SO - OR RISK BECOMING OBSOLETE. AS SOMEONE WHO REPRESENTS INSURERS WHO THEMSELVES ARE RELATIVELY SMALL IN PENNSYLVANIA, I AM

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SENSITIVE TO THE PROBLEMS INDEPENDENT PHARMACIES HAVE
COMPETING IN THE PRESCRIPTION DRUG WORLD. AND I AM
SENSITIVE TO THE DANGER OF OBSOLESCENCE ALL OF US AS SMALL
PLAYERS FACE AS WE SEEM TO TURN TO LARGE ENTITIES RATHER
THAN DIVERSE ONES TO FULFILL HEALTH CARE NEEDS.

TO THAT END, I RECOMMEND THIS COMPROMISE AS ONE THAT IS A
FAIR BALANCE: IT ALLOWS THE SMALLER PHARMACIES TO COMPETE
FOR BUSINESS AND BE PART OF THE INSURANCE PROGRAMS COVERING
THEIR POTENTIAL CUSTOMERS. BUT IT ENSURES THAT THEY'LL
COMPETE WITH A FOCUS ON HOLDING DOWN COSTS AND PROVIDING
GOOD SERVICE. THAT'S A FAIR INCENTIVE FOR THE SMALL
PHARMACIES, AND THE BEST RESULT FOR CONSUMERS LOOKING FOR
AFFORDABLE PRESCRIPTION COVERAGE.

AGAIN, THANK YOU FOR THE OPPORTUNITY TO BE HERE. I AM
HAPPY TO ANSWER ANY QUESTIONS.