



March 18, 2010

The Honorable Anthony DeLuca, Chairman
House Insurance Committee
115 Irvis Office Building
P.O. Box 202032
Harrisburg, PA 17120-2032

Dear Chairman DeLuca:

Thank you for inviting Highmark to submit for the House Insurance Committee's public hearing record comments in opposition to House Bill 1865, the oral cancer chemotherapy parity mandate. House Bill 1865 is seeking to "equalize" the cost-sharing between oncology medications irrespective of whether they fall under a member's medical benefit, i.e., an infusible or intravenous (IV) cancer medication or their pharmacy benefit, i.e., an oral cancer medication.

Proponents of House Bill 1865 believe insurance design problems result in higher cost-sharing requirements for oral oncology drugs, thus making them less affordable than traditional cancer drugs. They also point out how more cancer drug development is geared toward the creation of oral cancer drug options.

With regard to benefit design, House Bill 1865 implies that individuals with health insurance coverage, but no coverage for prescription drugs, do not have their oral cancer medications covered. At the same time, these individuals are receiving coverage for IV cancer medication. You should be aware that some medications can be administered via injection, and depending on who actually administers the drug, coverage could fall under either a person's medical coverage or prescription drug coverage, which are separate and distinct.

To address the cost issue, Highmark fully understands that some individuals with prescription drug coverage may have higher out of pocket expenses for oral cancer drugs versus IV cancer drugs. This is due to their plan's copayment and/or deductible requirements. While the intent of House Bill 1865 is to bring some level of parity between oral and IV cancer drugs, it does not necessarily resolve this issue and would create administrative challenges.

As you well know, benefit designs are oftentimes driven by which type of health insurance plan an employer or individual selects and can afford. In the case of House Bill 1865, prescription drug coverage is generally purchased as a separate "rider" that complements a person's health insurance coverage (medical benefits). With that being said, if the intent of House Bill 1865 is to require insurers to cover oral cancer drugs under medical policies, this would raise major concerns. Benefit mandates result in higher health insurance premiums for our members, add to an ever-growing uninsured problem and disproportionately hurt small businesses and individuals.

House Bill 1865 also does not explicitly state that "coverage on equal terms" would apply only for eligible services covered in a policy, which again highlights that prescription drug coverage is not a standard benefit in medical policies. Individuals that do not have prescription drug coverage would not be helped by this legislation.

In assessing this bill further, we note that oncology drugs are not the only category of medications that can fall under both the medical benefit and pharmacy benefit. This determination depends on the specific drug and the route of administration. How are we to address this same issue for treatment of other diseases, such as inflammatory bowel disease or rheumatoid arthritis?

Lastly, as with other mandates that have been considered by the House Insurance Committee, if there are cases where constituents are experiencing problems with coverage for oral versus IV oncology drugs, we'd be happy to discuss the specifics with you in accordance with HIPAA privacy rules.

Thank you again for allowing Highmark to present comments on House Bill 1865. If you should have any questions about our position or need additional information, please do not hesitate to contact me at 717.302.3979.

Sincerely,

A handwritten signature in black ink that reads "Michael G. Warfel". The signature is written in a cursive, flowing style.

Michael G. Warfel
Vice President
Government Affairs