

#### Employer Members

AAF International  
Aegion Corporation  
Alpha Packaging  
Ameren Corporation  
Anheuser-Busch Companies, LLC  
Arch Resources, Inc.  
Barry-Wehmiller Companies, Inc.  
Bass Pro Shops, Inc.  
Bi-State Development/Metro  
Black & Veatch Holding Company  
The Boeing Company  
Bunzl Distribution USA, Inc.  
Caleres  
City of St. Louis  
Columbia Public Schools  
Concordia Plan Services  
Core & Main, LP  
Daikin Applied Americas Inc.  
Diocese of Springfield in Illinois  
The Doe Run Company  
Drury Hotels Company, LLC  
Edward Jones  
Emmaus Homes  
ESCO Technologies Inc.  
Ferguson-Florissant School District  
First Busey Corporation  
Francis Howell School District  
Frontline Managed Services  
Graybar Electric Company, Inc.  
ICL  
L. Keeley Construction  
Laird Connectivity  
McCarthy Holdings, Inc.  
Mississippi Lime Company  
North American Lighting, Inc.  
Northwest R-I School District  
Olin Corporation  
Panera, LLC  
Parkway School District  
Pattonville School District  
Peabody  
Robert Half International, Inc.  
Rockwood School District  
Saint Louis County  
Saint Louis Public Schools  
Sammons Financial Group  
Schnuck Markets, Inc.  
Shelter Insurance  
Special School District of St. Louis County  
Spire Inc.  
Sulzer US Holding, Inc.  
Tucson Electric Power  
UniGroup, Inc.  
Watlow  
WestRock Co.  
Wieland North America  
World Wide Technology, LLC

#### Sustaining Members

Aon  
Arthur J. Gallagher & Co.  
Lockton Companies, LLC  
Mercer  
Milliman  
Willis Towers Watson

February 2, 2022

To: Members of the House Health and Mental Health Policy Committee  
From: St. Louis Area Business Health Coalition  
RE: Letter in Opposition of HB 1677

Dear Members of the Health and Mental Health Policy Committee:

Thank you for this opportunity to voice our strong opposition to House Bill 1677 and to explain our concern with specific provisions. The St. Louis Area Business Health Coalition (BHC) is a non-profit organization which has had the honor of representing the region's leading employers on issues of health care for 40 years. Our members provide health benefits to more than 500,000 Missourians. The BHC appreciates HB 1677's recognition of the challenge employers face in managing a pharmaceutical benefit for which certain medication cost grows exponentially. Yet, it opposes the following actions of HB 1677:

#### **(1) Any Willing Pharmacy and Guaranteed Acquisition Cost provisions undermine competition and increase costs for Missouri employers and workers.**

On behalf of customers, Pharmacy Benefit Managers (PBMs) offer competing networks of retail pharmacies as a means of reducing plan costs for the same medications. Savings are achieved by preferential contracting with a subset of pharmacies for a lower price. PBMs offer employers the choice of multiple different pharmacy networks.

Employers evaluate the network's adequacy by reviewing the number of pharmacies available within one to five miles of their employees' home and work locations and thereby decide whether to save money through volume discounts with narrower networks, or to increase convenience through wider networks.

**Having to include all pharmacies limits the ability of employers to manage the high costs of specialty drugs.** Specialty drugs represent a very low percentage of the prescription drugs utilized but account for a growing percentage of employee benefit drug costs. In 2021, specialty medications were 1% of the prescriptions filled in BHC's pharmacy purchasing collaborative, yet accounted for 59% of total plan cost. Consequently, employers seek specialty pharmacy arrangements that combine the highest quality care, improved adherence, and measurable outcomes at the most sustainable costs possible. PBMs offer employers a number of programs to manage the costs of specialty drugs, including preferred and exclusive networks. **One specialty drug program utilized by 30 BHC employer members (which would be prohibited by HB 1677) provided savings of \$24 million in 2021 for a subset of specialty drugs at a \$0 copay for their employees.**

**Guaranteeing pharmacies reimbursement of their generic drug acquisition cost is of significant concern because of its potential to increase costs.**

Generic drugs are produced by multiple manufacturers and sold at multiple price points. Maximum allowable cost reimbursement takes this into account and thus incentivizes all pharmacies, be they independent, regional, or national, to be the best possible buyers. Guaranteeing pharmacies their acquisition cost reduces competition and limits the market forces that lower the cost of generic drugs. Imagine the cost trends over time where the retailer knows they are guaranteed to recoup their acquisition cost, whether or not they successfully exercised their purchasing power.

While seemingly reasonable, removing essential management options with any willing pharmacy and guaranteed acquisition cost provisions will diminish competition across pharmacies and increase costs for workers and employers.

**(2) State-legislated contract definitions for rebates and generics may create conflicts and impact employers' ability to manage costs.**

Legislation must not attempt to dictate terms in private contracts. Employers, their consultants, and organizations like BHC, closely monitor revenue streams from pharmaceutical manufacturers to PBMs and move to quickly modify contract terms to ensure they receive any revenues earned by the PBM which can be attributed to their enrolled population. In a market as dynamic as pharmaceuticals, this requires continual close attention and a designated annual market check assessment period during which contract terms can be adjusted. The legislative process does not lend itself to keeping these critical provisions current.

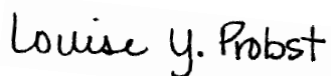
**(3) Removing ERISA protections makes Missouri less attractive to multi-state employers.**

The bill would eliminate longstanding ERISA protections for the plan designs of our members, many of whom are multi-state employers. The added administrative and compliance burden imposed on multi-state employers in managing various contract terms, as allowed by various states, would be onerous. Over time, provisions such as these could deter the attractiveness of Missouri to potential employers.

Through its Pharmacy Management Initiative, the St. Louis Area Business Health Coalition purchases pharmacy benefits for over 300,000 enrollees. The BHC utilizes two PBMs to bring its members and their enrolled families' quality service, administrative ease, and financial value. The BHC undertakes extensive processes to assess the practices, accountability, and price competitiveness of PBMs. It is also careful to ensure its own alignment with employer interest. The BHC is paid directly by the employers for its services and does not accept payment from PBMs.

**The membership of the St. Louis Area Business Health Coalition urges you to oppose the regulations outlined above. They will deprive employers and their workers of important cost management opportunities, result in increased health care costs for the people of Missouri, and create a less favorable business climate in the state.**

Best Regards,



Louise Y. Probst  
Executive Director