



March 10, 2015

The Honorable John Frullo
Texas House of Representative
PO BOX 2910
Austin, TX 78768-2910

Dear Chairman Frullo and members of the House Committee on Insurance,

Our coalition is concerned by House Bill 778, which would require that health plans contract with any willing pharmacy (AWP). We wanted to make you aware that there are numerous studies and Federal Trade Commission (FTC) statements about the negative impact of AWP laws to the private market including reduced competition in the market, reduced consumer choice, and increased health care costs.

According to the FTC, AWP laws “can limit competition by restricting the ability of insurance companies to offer consumers different plans, with varying levels of choice. These restrictions on competition may result in insurance companies paying higher fees to providers, which, in turn, generally results in higher premiums, and may increase the number of people without coverage” (FTC, August 8, 2011).

Our coalition believes health plans and preferred benefit managers should have the freedom to selectively contract with the highest-quality providers available to provide consumers enhanced access to pharmacy services, and quality, cost-effective health care including negotiating to build high-value networks. The use of high-value provider networks can help reduce premiums and promote more affordable coverage options for consumers – with premium reductions of 5 to 20% or more when compared with broad network plans. AWP mandates restrict health plans’ ability to create high-value networks, which eliminates this savings option for consumers.

Our coalition opposes AWP mandates, including those that require health plans and preferred benefit managers to contract with any health care provider or pharmacy, regardless of whether that provider meets quality standards, whether there is already enough patient access, and whether it will increase the cost of health care for consumers and business.

This same mandate was proposed by the Obama administration for Medicare Part D, but ultimately abandoned due to increased costs and FTC warnings that AWP laws reduce private market competition and consumer choice. It’s estimated that an Any Willing Pharmacy government mandate in Medicare would have increased costs by \$21.3 billion over 10 years.

Our coalition does support effective, efficient regulations and transparency requirements that protect consumers and providers, and we are available to discuss current network adequacy protections for consumers and options to improve those protections.

Respectfully,

Bill Hammond
Chief Executive Officer
Texas Association of Business

Jennifer Cawley
Executive Director
Texas Association of Life, & Health Insurers

Jamie Dudensing
Chief Executive Officer
Texas Association of Health Plans