TAHP Opposes HB 778

Any Willing Pharmacy Mandates:
Expanding Government Overreach, Eliminating Competition and Increasing Costs

Any Willing Pharmacy (AWP) mandates restrict private market negotiations by forcing health plans to contract with any pharmacy willing to meet the plan's contract terms—regardless of whether that pharmacy meets quality standards, whether there is already enough patient access, or whether it will increase the cost of health care for consumers and businesses.

HB 778 Increases Costs
- Any willing provider mandates are estimated to **increase premiums by 6-21%.**
- The **same Obama administration mandate** would have cost **Medicare $21 billion** over ten years.

HB 778 Eliminates Competition
- AWP laws prohibit health plans from selective and exclusive network contracting, reducing both the incentive and the ability of health care providers to vigorously compete with each other to provide the highest-quality, lowest-cost goods and services for consumers and employers.

HB 778 Eliminates Consumer and Employer Savings
- One Texas health plan reduced premiums by 5% by eliminating just one retail pharmacy chain.
- An AWP mandate would take away this savings for consumers and employers.
- **If this 5% cost were applied to all 7 million Texans covered by commercial health insurance, the cost would be over $1 billion a year to consumers and employers.**

HB 778 Eliminates Employer and Consumer Choice
- Eliminates the option of high-value network plans for consumers. Premiums for high-value networks can be as much as **26 percent lower** than comparable coverage with broader networks.
- Consumers are increasingly choosing and searching out more affordable high value network coverage options. **A majority of people prefer "less expensive plans with a limited network of doctors and hospitals" to "more expensive plans with a broader network of doctors and hospitals."**

HB 778 Expands Government Overreach

- AWP mandates create an overreaching government health care mandate that increases cost and reduces competition for a problem that does not exist. There is currently no evidence of consumers encountering network access issues when trying to access pharmacies.
- AWP mandates give pharmacies a government "right to hire" mandate that does not apply to any other private business including other health care providers, at the expense of consumers.

Texas Does NOT Currently Have an Enforceable Any Willing Pharmacy Requirement:

- Courts invalidated the statute in Texas in the 1990's.
- Fewer than 21 states have an AWP mandate similar to HB 778.

Exempting Medicaid NOT Create Real Savings:

- If AWP mandates were good for consumers and employers, there would be no need for a Medicaid exemption. This proposed exemption highlights the concerns about increased costs and reduced quality.
- It gives a good deal to the state, but still forces the cost of the mandate on to consumers and employers.

Federal and Texas Requirements Already Ensure Consumers Have Access to a Broad Array of Pharmacies:

- Federal regulations require all qualified health plans "to maintain a network that is sufficient in number and types of providers, including providers that specialize in mental health and substance use disorder services, to assure that all services will be accessible without unreasonable delay."
- Texas has network adequacy mileage requirements for pharmacy coverage (75 miles).

The Economics of Any Willing Pharmacy Laws
FTC : AWP Increases Costs

"These laws can make it more difficult for health insurers or PBMs to negotiate discounts from providers; if plans cannot give providers any assurance of favorable treatment or greater volume in exchange for lower prices, then the incentive for providers to bid aggressively for the plan's business – to offer better rates – is undercut..... 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 letter to Hon. James L. Seward, Senator, 51st District, New York; August 8, 2011