

REPORT OF THE
Arkansas Health Insurance Marketplace Oversight Subcommittee
Of The
Arkansas Legislative Council

April 20, 2018

Senator Bill Sample, Co-Chair

Representative Jim Dotson, Co-Chair

Dear Co-Chairs:

The Arkansas Health Insurance Marketplace (AHIM) Oversight Subcommittee met Wednesday, January 31, 2018, in Committee Room A, Multi-Agency Complex (MAC) in Little Rock, Arkansas. The subcommittee discussed pharmacy reimbursement practices beginning January 1, 2018, and the resulting disparities by certain Pharmacy Benefit Managers (PBMs) under certain insurance plans, including plans offered on the Arkansas Health Insurance Marketplace and the Arkansas Works program. The subcommittee heard testimony regarding the following items:

- 1) Scott Pace, Executive Vice President and CEO, Arkansas Pharmacists Association, stated that Ambetter, Arkansas Blue Cross/Blue Shield, and QualChoice have not been reimbursing Arkansas pharmacies fairly for their service and prescription costs. He said this poses a serious threat to the well-being of these pharmacies and the individuals who have insurance through one of the above-named companies. Scott went on to say that the ability of pharmacists to care for their patients is at stake, as well as their livelihoods and professions.

Scott stated that the health insurance companies who insure individuals in the Arkansas Works program and in the Marketplace Exchange, are paying PBMs more than what they pay the pharmacies for their services and prescription costs. He noted this practice is known as “spread”, and he said this has been illegal in state-funded plans in Arkansas since 2009.

- 2) Cissy Clark, Pharmacist, Clark’s Family Pharmacy in Earle, Arkansas, and Randy Kassissieh, Pharm.D., Pharmacist, Cornerstone Pharmacy in Little Rock, Arkansas, testified on their pharmacies’ experiences and uncertain future as a result of this reimbursement change by the PBMs.
- 3) Don Gugliuzza, Vice President of Finance and Analytics, CVS Health, testified about CVS Caremark’s business practices and processes; though he could not respond directly to questions. After a long question and answer period, subcommittee members and other legislators attending the meeting expressed frustration with his inability to answer their questions.

Senator Caldwell asked why CVS Caremark did not send someone who could answer their questions. The response he received was that this meeting was called on short notice and prohibited other CVS personnel from attending. Subcommittee members requested the following information from CVS Caremark:

- ❖ The ‘spread’ data—what CVS is reimbursing the pharmacy versus what CVS is retaining
- ❖ CVS’s Generic Effective Rate (GER)
- ❖ Why the pharmacies are not receiving responses to their appeals
- ❖ The number of appeals that have not received a response
- ❖ Are the rebates that are received, part of the Medical Loss Ratio (MLR)

A request was made for the Arkansas Insurance Department to examine the language in the Arkansas Works Appropriation bill.

- 4) Senator Bill Sample made a motion to have another meeting as soon as knowledgeable CVS representatives are able to attend who can answer questions with complete and accurate information posed by subcommittee members. The motion was seconded and carried.
- 5) Senator Caldwell requested Angela Lowther, Executive Director, Arkansas Health Insurance Marketplace, and the Arkansas Health Insurance Marketplace Board of Directors to consider lowering the premium that Arkansas taxpayers are paying on Arkansas Health Insurance Marketplace plans, in light of the recent passage of the lower federal tax rates on insurance companies.

Respectfully Submitted,

Senator Ronald Caldwell, Senate Co-Chair

Representative Deborah Ferguson, House Co-Chair