



Academy of  
Managed Care  
Pharmacy®

April 12, 2018

The Honorable John McKeon, Chair  
Financial Institutions and Insurance committee  
125 West State Street  
Trenton, NJ 08608

**RE: Assembly Bill 881 – Concerning Coverage for Prescription Drugs**

Dear Assemblyman McKeon:

The Academy of Managed Care Pharmacy (AMCP) is writing in strong opposition to Assembly Bill 881, which would prohibit the use of utilization management, a contractual provision agreed upon by insurers and the employer paying for a prescription medication benefit. The legislation requires coverage for medically necessary prescription medication through the covered person's entire course of treatment. The time period for the course of treatment shall be determined solely by the covered person's prescriber without the imposition of any utilization management requirements.

AMCP is the nation's leading professional association dedicated to increasing patient access to affordable medicines, improving health outcomes and ensuring the wise use of health care dollars. Through evidence- and value-based strategies and practices, the Academy's 8,000 pharmacists, physicians, nurses and other practitioners, including members in New Jersey, manage medication therapies for the 270 million Americans served by health plans, pharmacy benefit management firms, emerging care models and government.

The fundamental goal of utilization management is to increase patient safety and access to appropriate and cost-effective medications. It is an evidence-based process designed to improve quality of care for patients by limiting the use of unnecessary or inappropriate medication therapy. Insurers and managed care professionals regularly review, interpret, and evaluate information and evidence on safety and efficacy implications of prescription medications in patient populations to better inform prescribing patterns, administration and to encourage appropriate use.

A few examples of the importance of utilization management are as follows:

- When a medication first enters the market after FDA approval, some possible side effects or problems might not be known for all potential patient populations. An insurer may review data from initial use by patients in a real-world environment and determine that a particular medication compromises patient safety in a patient population and wish to remove it from the formulary.

- If an equally efficacious medication enters the market at a lower cost than an existing therapy, an insurer can save costs for a patient and the employer by recommending the use of that medicine over an equally safe and effective higher cost alternative.

AMCP does not dispute that prescribers should determine the course of treatment for a patient. Plans work with prescribers to evaluate medications to ensure that the selection meets the clinical needs of the patient and is included in the plan guidelines for coverage. Plans use guidelines and pathways to determine if coverage is still appropriate for that particular patient and diagnosis or if there are additional treatments with better or equal patient outcomes which may be clinically effective but at a lower cost for the patient. If the plan does not approve continuing to reimburse for that particular medicine, there are appeal mechanisms in place for a prescriber to submit additional information to the health plan for evaluation.

When a better product or one that costs less (including generics and biosimilars) enters the market during the plan year and plans make changes to the formulary to include that product, then the health care plan should be able to encourage its use. At a time when the overall health care system is struggling with ways to address the rising cost of drugs, Assembly Bill 881 would move New Jersey in the opposite direction. This bill would increase health care costs for your constituents. Therefore, AMCP asks you to vote against Assembly Bill 881. If you have any questions, please contact AMCP's Director of Legislative Affairs, Reginia Benjamin, at (703) 684-2620 or [rbenjamin@amcp.org](mailto:rbenjamin@amcp.org).

Sincerely,



Susan A. Cantrell,  
RPh, CAE Chief Executive Officer