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TO: The Honorable Thomas Mac Middleton, Chairman
Members, Senate Finance Committee

FROM: Joseph A. Schwartz, III
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DATE: February 27, 2013

RE: **SUPPORT** – Senate Bill 746 – *Health Insurance – Step Therapy or Fail-First Protocol*

The Maryland State Medical Society (MedChi), which represents over 7,500 Maryland physicians and their patients, supports Senate Bill 746.

Senate Bill 746 would regulate the health insurance company practice known as “step therapy or fail-first protocol.” With “Step Therapy,” a health insurance company will require that a doctor’s prescription be ignored (not paid for) until such time as the insurance company’s selected drug is used. Senate Bill 746 would regulate this practice and provide that the insurers’ dictated medicine cannot last longer than 30 days (page 3, lines 4 through 9). In any event, the doctor would have access to an override protocol if, in the doctor’s judgment, the insurers’ prescription drug or device was ineffective or likely to have an adverse effect on the patient (page 3, lines 14 through 30). Senate Bill 746 also requires the Maryland Health Care Commission to study and report to the legislative committees regarding the use of “step therapy” in the coverage of other items such as diagnostic imaging and medical and surgical procedures.

Step Therapy is another tool used by health insurance companies to delay needed medicines. In reality, these companies have delegated such responsibilities to Pharmacy Benefit Managers (PBMs) which seek to impose the cheapest drug on every patient rather than the most appropriate drug. It is an interesting feature of Maryland law that a trained professional such as a pharmacist cannot override a doctor’s specific prescription by substituting a generic equivalent while personnel at health insurance companies and PBMs with no medical training can deny the same doctor ordered medicine.

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Last year this Committee dealt with the abuses of “Prior Authorization” by health insurance companies. “Step Therapy” is another iteration of techniques designed to delay the delivery of proper medicines to patients. MedChi would respectfully request a favorable report on Senate Bill 746.

For more information call:

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