

**Testimony before the United States Senate
Committee on Health, Education, Labor, and
Pensions**

**Hearing on
“The Need to Make Insulin Affordable for All
Americans”**

by

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Introduction

Chairman Sanders, Ranking Member Cassidy, and members of the Senate Health, Education, Labor, and Pensions (HELP) Committee, thank you for inviting me to testify at this important hearing.

My name is Adam Kautzner. I grew up in rural Missouri outside of St. Louis and began my career as a pharmacist for a regional hospital. After working as a nuclear pharmacist, I joined Express Scripts over fifteen years ago. I am proud of the work we do to deliver affordable access to life-saving medications – and this cause is personal to me. I was diagnosed with stage 4 melanoma in my early thirties, and that experience has strongly shaped how I approach the work we do to advance pharmacy care and lower the cost of prescription drugs for patients and employers. As a business leader, I am guided by my experiences as a father, cancer survivor, rural American, and a pharmacist.

Express Scripts believes that all patients should have access to the medications they need at affordable prices. For decades, Express Scripts has taken on one of the toughest challenges in health care: negotiating with large pharmaceutical manufacturers to lower the cost of drugs for employers, health plans, federal and state governments, and most importantly, patients. **We exist to help solve the challenges you are exploring here today, delivering both improved affordability and access to American patients. We appreciate the opportunity to contribute to this important discussion.**

As President of Express Scripts, I work directly with our clients, including self-insured employers, commercial health plans, union plans, state employee health plans, and plans serving Medicare and Medicaid beneficiaries to develop customized solutions that provided affordability and access for them as payers and for all of the patients we serve. These sophisticated purchasers demand value and drive innovation from Express Scripts every single day. Our industry-leading supply chain negotiators, specialized clinical experts, and product design leaders are focused on making sure patients get, and are able to stay on, the medications they need at prices they can afford.

I believe our role has never been more important, for the patients of today and as the promise of additional, life-changing breakthrough therapies become a reality.

The Role of Pharmacy Benefit Managers

Prescription drug coverage is the most frequently utilized health care benefit; on average, a pharmacy benefit is used approximately 11 times a year.¹ Recent health policy debates on drug pricing have led to important questions about the role of pharmacy benefit managers (PBM) and how the value created by PBMs reaches patients using their pharmacy benefits. PBMs play a vital role in delivering prescription affordability and access, developing clinical-first formularies that help

¹ Express Scripts, 2022 data

ensure patients have access to effective medications at the most affordable prices. The savings negotiated by pharmacy benefit managers (PBM) are passed on to employers and health plans which benefits Americans in the form of lower premiums, reduced out-of-pocket costs, and expanded coverage.

We are continually evolving to respond to the needs of patients. This means constantly testing, learning, and then launching new solutions to allow employers and health plans to offer broad access and affordable prescription drug coverage. When patients with high-deductible health plans started to experience exorbitant out-of-pocket costs before they reached their deductible, we introduced Inside RxSM, which provided direct savings for prescriptions, including insulins, at the pharmacy counter for both under-insured and uninsured patients.² When high list prices started to impact patient out-of-pocket costs for insulin, we introduced the Patient Assurance ProgramSM to cap insulin out-of-pocket costs for patients at \$25.³ In 2023, Express Scripts announced the launch of the Copay Assurance PlanTM that allows employers and health plans to cap patient out-of-pocket costs across specialty and non-specialty prescription drugs.⁴

We are constantly evolving to respond to the needs of our clients. PBMs operate in an incredibly competitive environment, with approximately 70 individual companies competing to deliver cost savings to a diverse set of employers, health plans, and public sector entities. Clients generally do not establish long-term contracts with their PBMs (i.e., more than three years). This puts pressure on contracted PBMs to consistently deliver, or employers and health plans will look elsewhere for pharmacy benefits at lower costs and/or improved service offerings.

Express Scripts offers its clients multiple contracting options to support the unique needs of their populations and provides pricing predictability in the face of unpredictable list price changes and an expensive drug innovation pipeline. Express Scripts' clients have complete control and flexibility to choose their specific benefit design, pharmacy network, and pricing structure to best balance cost, coverage, and the needs of their employees and populations. Clients are provided robust financial disclosures, including Express Scripts' principal revenue sources and information on rebate arrangements, administrative fees, and pharmacy claim insights. Clients have audit rights to validate our performance and adherence to contract terms using an independent, third-party auditor, all at no additional charge. Most recently, we introduced a new contracting option, ClearCareRxTM, that provides fully transparent pricing to employers and health plans.⁵

² "Express Scripts and Eli Lilly CEOs on lowering drug costs with Inside Rx." CBS News, Available at: <https://www.cbsnews.com/video/express-scripts-and-eli-lilly-ceos-on-lowering-drug-costs-with-inside-rx/#x>

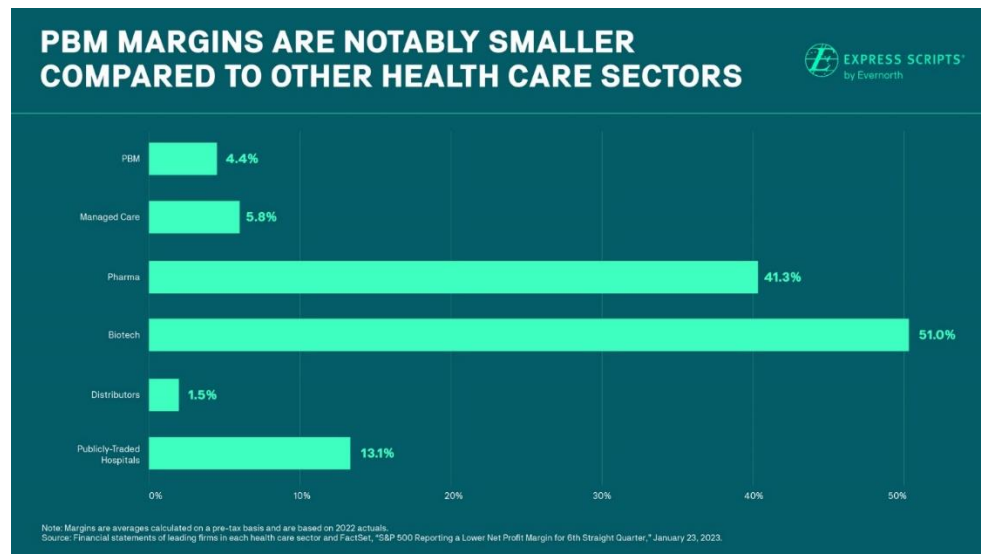
³ Cigna Healthcare, Cigna and Express Scripts Introduce Patient Assurance Program to Cap Out of Pocket Costs at \$25 per 30-Day Insulin Prescription (April 3, 2019), <https://newsroom.cigna.com/cigna-and-express-scripts-introduce-patient-assurance-program-to-cap-out-of-pocket-costs-at-25-per-30-day-insulin-prescription>

⁴ Evernorth Health Services, Express Scripts Further Advances Transparency and Affordability for Consumers and Clients. (April 13, 2023). <https://www.evernorth.com/article/pharmacy-benefits-management-pbm-affordability-transparency>

⁵ Ibid.

Our solutions for driving lower drug spending are working. Employers, health plans, and public sector entities *choose* to partner with PBMs because of the significant value created, and without them, pharmacy costs would be notably higher.⁶ Each year, Express Scripts saves approximately \$32 billion for those we serve, driven by effective negotiation, medical management, and targeted clinical support programs, resulting in high client retention rates.⁷ In 2022, savings negotiated by Express Scripts helped keep average out-of-pocket costs for a 30-day prescription to less than \$15 for patients with coverage in the commercial market, less than \$18 for patients using high-deductible health plans, less than \$9 for Medicare beneficiaries, and less than \$1 for Medicaid beneficiaries.⁸ For diabetes patients specifically, newly released data from the IQVIA Institute estimates the average patient out-of-pocket cost per insulin prescription, across all markets, was \$21.19 in 2022.⁹

PBMs provide these benefits at a cost that is significantly lower than the benefit they bring to the health care system. In 2022, based on publicly available information, the average pre-tax adjusted operating margin of PBMs was between 4.0% and 4.5%, well below those of pharmaceutical manufacturers and many other health care subsectors, and well below the 5-year average net profit margin for the S&P 500 of 11.4%.



Pharmaceutical manufacturers seek the highest price point possible and many use loopholes in patent law to maintain monopoly status for their brands and offer coupons to steer patients towards them when generics and biosimilars do come to

⁶ Casey B. Mulligan, *The Value of Pharmacy Benefit Management*, July 2022, National Bureau of Economic Research

⁷ Average annual savings generated from client participation in Express Scripts' cost containment programs over the reporting periods 2018-2021

⁸ Express Scripts Book of Business, 2022

⁹ IQVIA Institute Report. (May 02, 2023). *The Use of Medicines in the U.S. 2023, Usage and Spending Trends and Outlook to 2027*. <https://www.iqvia.com/insights/the-iqvia-institute/reports/the-use-of-medicines-in-the-us-2023>

market.¹⁰ Pharmaceutical pipelines are dominated with high-cost specialty drugs, which can command exorbitant prices and in 2022 collectively accounted for 51.5% of total drug spending, despite being used by less than 1.7% of patients.¹¹ At a member level, plan sponsors see an average annual cost of \$38,000 to cover a patient's specialty drugs compared to just \$492 for the coverage of a patient's non-specialty drug costs.¹² Additionally, for employers sponsoring Health Savings Account-qualified High-Deductible Health Plans (HSA-HDHPs), there are restrictions that prevent lowering out-of-pocket costs for patients before they meet their deductible.

Drug competition is what ultimately drives lower list prices and lower net costs for the health care system. Express Scripts will continue to innovate across the supply chain to address these drug pricing challenges. This includes working with the Senate HELP Committee and all policymakers on reforms to advance competition and protect the use of proven private sector tools to lower drug costs and improve access, while not eliminating or restricting our ability to negotiate the lowest overall cost for our clients. Specifically, we appreciate the bipartisan work of the Committee with all stakeholders to consider reforms to the transparency and availability of pharmacy benefit services in S. 1339, the Pharmacy Benefit Manager Reform Act. Express Scripts is committed to being transparent to our clients and beneficiaries. However, we continue to have concerns that the Committee is seeking to prohibit tools utilized by many of our clients, particularly smaller businesses, in risk-mitigation and pricing structure. We urge the Committee to work to ensure transparency legislation is meaningful to payers and beneficiaries and will not be a tool utilized by other actors in the drug supply chain to increase costs or a mechanism to increase the burden on employers already struggling to manage benefits.

With that context as background, our statement today is focused on the following topics:

- Express Scripts' Solutions to Help Shield Patients from High List Prices Set by Manufacturers
- Express Scripts' Efforts to Drive Lower Costs
- Delivering Clear Contracting Options for Express Scripts Clients and Price Transparency for Patients
- How Express Scripts Contracts with Pharmacies
- Public Policy Solutions for Greater Affordability, Access, and Predictability

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¹⁰ Institute for Medicines, Access, and Knowledge (I-MAK). (September 2022). *Overpatented, Overpriced. Curbing patent abuse: Tackling the root of the drug pricing crisis*, <https://www.i-mak.org/wp-content/uploads/2023/01/Overpatented-Overpriced-2023-01-24.pdf>

¹¹ Express Scripts Book of Business, 2022

¹² Data from 2021 Express Scripts PBM client sample for plans >10k lives enrolled in multiple specialty pharmacy trend management strategies.

Express Scripts' Solutions to Help Shield Patients from High List Prices Set by Manufacturers

Insulin is essential to the health and well-being of many individuals who live with diabetes, but it doesn't work if it's priced out of reach. Whether traditional or non-insulin diabetes treatment, missing one dose of any medication can be dangerous for their health and lead to costly and complex outcomes.

The same challenges that this Committee has identified are the very ones that we as a company have been focused on for many years. The high list price of insulin and other diabetes drugs created incredible burdens on people living with the condition and increased premiums for all people with insurance. It is our job to support access to safe treatments at a cost patients and employers can afford, so we got to work.

Express Scripts has been at the forefront of introducing solutions to address this public health crisis and provide greater affordability, access, and predictability for those living with diabetes. This includes pioneering a drug discount program in 2017, Inside Rx, providing direct savings on insulins at the pharmacy counter for both under-insured and uninsured patients; in 2019, introducing the Patient Assurance Program (PAP) to cap insulin out-of-pocket costs for patients at \$25; and in 2023, announcing the Copay Assurance Program to enable Express Scripts' clients to cap patient out-of-pocket costs for both specialty and non-specialty prescription drugs. More broadly, the company's diabetes care solutions are built around a whole-health integration strategy to help identify, prevent, and manage diabetes by connecting individuals to the right level of care across the health continuum – whether healthy, at-risk, or chronically ill.

Inside Rx: Discounts at the Pharmacy Counter

In 2017, Express Scripts launched Inside Rx, a program that provides millions of Americans, both under-insured and uninsured, with discounts on their prescriptions at the pharmacy counter in partnership with drug manufacturers and nearly 60,000 retail pharmacies. To develop the program, Express Scripts acted as a convener between pharmaceutical companies, pharmacies, and a technology partner, GoodRx, with the goal of providing millions of Americans with access to direct discounts for brand-name and generic prescription drugs.

Inside Rx is designed for people who are uninsured, have high-deductible health plans, or have coverage that excludes certain medications.¹³ Insulins are among the brand drugs for which Inside Rx offers affordable options to those in need. Since launching in 2017, Inside Rx has helped more than 40 million patients access discounted medications. By offering an extensive network of pharmacies and leveraging our relationships with manufacturers, Inside Rx has delivered patient savings averaging more than \$1 billion per year. For diabetes products in particular,

¹³ While anyone with a valid prescription can use Inside Rx, there are restrictions on featured medications for individuals covered by Medicare, Medicaid, or TRICARE.

Inside Rx has been able to deliver savings of nearly 50% through 15 manufacturer partnerships. This translates to savings of more than \$85 million for products ranging from insulin to glucose monitoring tools.

Patient Assurance Program : Capping Insulin Costs for Millions of Patients

This industry-first program was launched in 2019 in partnership with insulin manufacturers to provide more affordability to patients with chronic conditions by capping patient out-of-pocket costs at \$25 for up to a 34-day supply or \$75 for a 90-day supply of medications to treat chronic conditions, including insulin and certain oral medications for diabetes. Customers do not have to first satisfy their deductible to receive this discount, which is automatically applied at the pharmacy counter. New data from the IQVIA Institute estimates the average patient out-of-pocket cost per insulin prescription, across all markets, was \$21.19 in 2022.¹⁴

Because diabetes management doesn't always require insulin, the Patient Assurance Program has expanded to include non-insulin diabetes treatments, including DPP-4 inhibitors, GLP-1 agonists, and SGLT2 inhibitors. In addition to capping the cost of diabetes medications, the PAP has resulted in improved adherence by addressing cost as a barrier to care.

Since the launch of PAP, Express Scripts has helped provide more affordable, predictable access to diabetes medications for close to 11 million patients. Our research shows:

- More than \$18 million in patient savings at the pharmacy counter for insulin in 2022 – and more than \$45 million in total patient savings since 2020.
- Total patient diabetes-related cost share decreased by 50.5% due to medical cost avoidance, or \$135 million in total client savings since 2020.
 - For type 2 diabetes patients in households earning less than \$50,000 per year, adherence improved by 5.7%.
 - Newly diagnosed type 1 diabetes patients, or those filling an insulin product for the first time, are 30% more likely to continue therapy when enrolled in the program when compared to those not enrolled.

Utilizing Preventive Drug Lists to Expand Insulin Affordability

Today, Express Scripts' clients who offer coverage that pairs a Health Savings Account with a High-Deductible Health Plan (HSA-HDHP) are limited by law in what products and services may be covered until a minimum deductible for that year is satisfied. However, plan sponsors offering HSA-HDHP products may cover certain preventive services pre-deductible, including those specified by the U.S. Treasury Department and the Internal Revenue Service (IRS).

In 2019, the Treasury Department and the IRS expanded the list of preventive services to include services for certain chronic conditions, including diabetes,

¹⁴ Ibid.

recognizing that requiring patients with chronic conditions to first fulfill a deductible can result in individuals “failing to seek or utilize effective and necessary care that would prevent exacerbation of a chronic condition.”¹⁵ In addition to expanding pre-deductible coverage to insulin, other glucose lowering agents, and retinopathy screening, Treasury and the IRS also expanded coverage for products addressing congestive heart failure, osteoporosis, hypertension, asthma, depression, liver disease, and heart disease.

Importantly, this expansion allowed Express Scripts’ clients to meaningfully expand the coverage of insulin and other products pre-deductible for patients in HSA-HDHP plans, alleviating a substantial cost burden for patients. However, there remain opportunities for Congress and the Administration to do more to increase HSA-HDHP flexibility and lower patient out-of-pocket costs, as discussed below.

Medicare Part D Senior Savings Model: Capping Insulin Costs for Medicare Beneficiaries

In 2021, the Centers for Medicare & Medicaid Services (CMS) introduced a pilot program in Medicare Part D, the Senior Savings Model, to offer Medicare beneficiaries new coverage that caps out-of-pocket costs for select insulins. The program’s mechanics mirror, in part, how Express Scripts’ Patient Assurance Program works, bringing insulin manufacturers and plans together to limit copays to \$35 or less for a one-month supply of certain insulins in the initial and coverage gap phases of Part D. This year, Express Scripts participates in the model with both standalone Prescription Drug Plan (PDP) and Medicare Advantage-Prescription Drug (MA-PD) plan offerings. Our standalone PDP offerings include \$0 cost-sharing for select insulins through the coverage gap phase of the benefit.

While this pilot program is expected to conclude at the end of this year due to the broader insulin out-of-pocket cap for Medicare beneficiaries included in the Inflation Reduction Act (IRA), it’s important to note more than 17 million Medicare beneficiaries enrolled in the plans.¹⁶ CMS estimated beneficiaries should save an average of \$446 in annual out-of-pocket costs on insulin due to the program.¹⁷

One of the benefits of the Senior Savings Model is that it, like the Patient Assurance Program for individuals in the commercial market, brings insulin manufacturers and, in this case, Medicare plans together to lower out-of-pocket costs for beneficiaries. By contrast, the cap on insulin out-of-pocket costs included in the IRA, like the caps currently under debate for the commercial market, places the entire financial responsibility of capping insulin out-of-pocket costs on the Medicare plans alone. As a result, the Congressional Budget Office (CBO) estimated that the

¹⁵ Internal Revenue Service Notice 2019-45, *Additional Preventive Care Benefits Permitted to be Provided by a High Deductible Health Plan Under § 223*, <https://www.irs.gov/pub/irs-drop/n-19-45.pdf>

¹⁶ Centers for Medicare & Medicaid Services. (2023). *Part D Senior Savings (PDSS) Model – Fact Sheet Calendar Year (CY) 2023*, <https://innovation.cms.gov/media/document/partd-senior-sav-cy23-fs>


¹⁷ Ibid.

IRA's cap on insulin in Part D will increase federal spending by \$5.1 billion over 10 years (2022-2031).¹⁸

Copay Assurance Plan: Capping Prescription Drug Out-of-Pocket Costs for Patients

As discussed briefly above, Express Scripts announced the launch of the Copay Assurance Plan in April 2023, which will enable Express Scripts' large clients to cap patient out-of-pocket costs under their prescription drug benefit as of January 2024. Customers enrolled in the program will pay no more than \$5 for generics and specialty generics, no more than \$25 for preferred brand drugs, and no more than \$45 for preferred specialty brand drugs every time they fill their prescription. This will lower out-of-pocket costs for customers by an average of 27%, with higher savings for patients taking medications to manage chronic or rare conditions that require complex, specialty medications.

This program is a meaningful expansion of the Patient Assurance Program, where Express Scripts convened insulin manufacturers to drive greater savings toward patient out-of-pocket costs. The Copay Assurance Plan builds on that model for both specialty and non-specialty prescription drugs by making it easier and more affordable for Express Scripts' clients to offer a prescription drug benefit that caps all out-of-pocket costs for customers. Capping out-of-pocket costs is anticipated to meaningfully improve patient adherence and patient outcomes, which we expect will help offset the slight increase in plan costs to implement this plan.

COPAY ASSURANCE™ PLAN 

Capping prescription drug prices through a simple, predictable copay model for traditional deductible plans

The Express Scripts Copay Assurance™ plan caps monthly out-of-pocket costs for all traditional and specialty medications

- \$5** for generics
- \$25** for preferred brand drugs
- \$45** for preferred specialty brand drugs

Better member experience
Easy, simplified transitions from complex plan designs explained on member website and communications

Increased visibility to member pay
Members do not have to "price shop" outside of their benefit to leverage discount cards or copay card programs (average utilization is 1-5%)

Reduced abandonment
For patients with a copay less than \$40, the rate of abandonment is much less than the average (~38%)

Reduction in medical costs
Our Patient Assurance program showed adherence improvement drives significant reduction in total medical cost (15.9-16.3% change)

MEMBERS CAN SAVE MORE THAN 25% AT THE PHARMACY COUNTER!

1 Express Scripts analysis of 500+ commercial book of business

¹⁸ Congressional Budget Office Cost Estimate, *Estimated Budgetary Effects of Public Law 117-169, to Provide for Reconciliation Pursuant to Title II of S. Con. Res. 14*, https://www.cbo.gov/system/files/2022-09/PL117-169_9-7-22.pdf

Diabetes Care Value Program : Improving Patient Outcomes

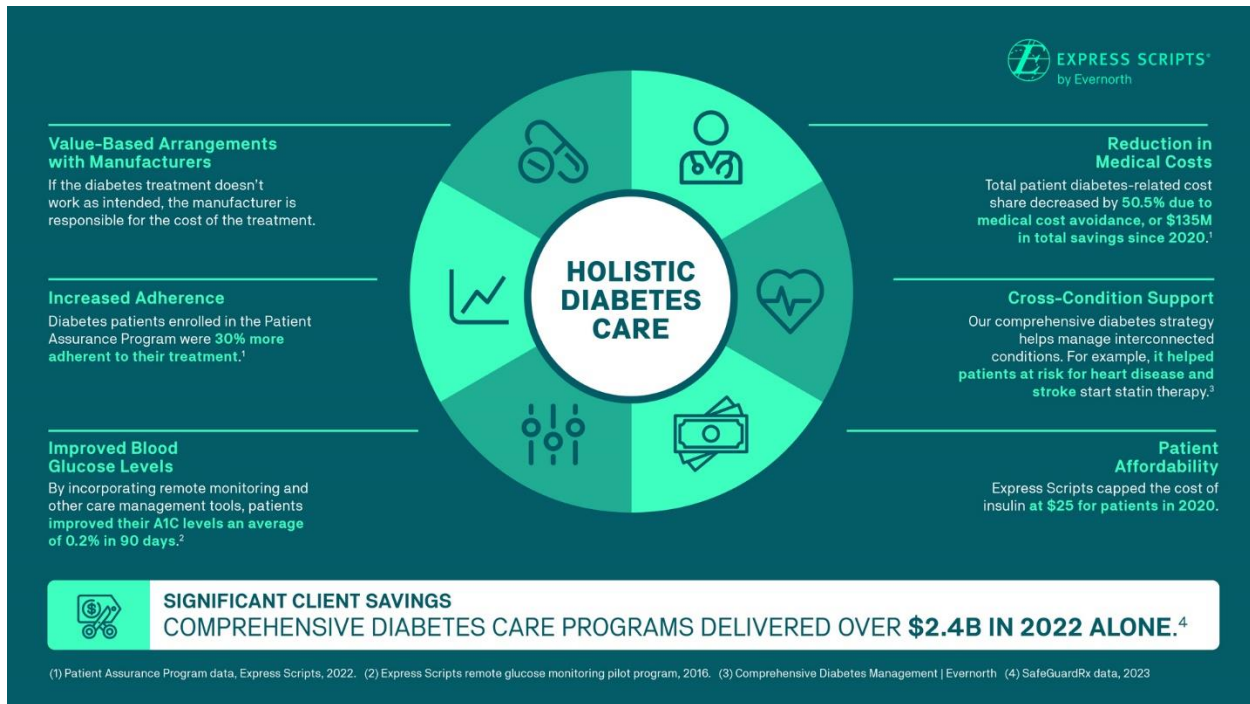
Express Scripts' Diabetes Care Value Program is part of a suite of solutions called SafeGuardRx, which offers value-based solutions to help manage chronic conditions and improve outcomes. SafeGuardRx addresses eleven complex and costly disease states, including diabetes, oncology, inflammatory conditions, multiple sclerosis, and other rare conditions. The Diabetes Care Value Program leverages proactive medication adherence monitoring, condition-specific coaching, digital health solutions, a high-quality pharmacy network, and cost management tools to help prevent diabetes for those at-risk and improve outcomes and better coordinate care for those living with diabetes. This program includes:

- **Digital diabetes prevention and obesity solution:** Individuals identified as at-risk may participate in a 12+ month virtual program that encourages a healthier lifestyle to help reduce their risk of type 2 diabetes and/or heart disease.
- **Digital care for type 1 and type 2 diabetes:** This remote monitoring solution allows clinicians to track patient blood glucose testing results, analyze trends, and offer proactive and meaningful patient interventions.
- **Preferred quality pharmacy network:** Our preferred quality pharmacies provide 90-day prescription refills to promote and increase medication adherence, close gaps in care, and mitigate unnecessary medical expenses.
- **Formulary and utilization management tools:** By using our National Preferred Formulary or Preferred Step Therapy Programs, the Diabetes Care Value Program drives use to the lowest net cost diabetes medications.
- **High-touch support from the Diabetes Therapeutic Resource Center (TRC):** All patients, including those with diabetes and those at-risk, can receive medication education and counseling from TRC clinicians. These clinicians receive highly focused, disease-specific training that creates a better patient experience by quickly identifying issues, improving adherence, and closing gaps in care through physician outreach.

The program has created meaningful improvements in health outcomes for enrolled patients while lowering costs. In 2021:

- Digital obesity solutions saved our clients and their members nearly \$20 million in medical costs by preventing diabetes for patients who are pre-diabetic and/or obese.
- Our clients saved \$83 per participant per month in medical costs because of our diabetes remote monitoring tool for types 1 and 2 diabetes through LifeScan.
- 17.2% more patients began potentially lifesaving statin therapy because of TRC interactions through Diabetes Care Value. Over 20,000 heart attacks could be prevented over the next 10 years if all plans were to similarly increase statin use among their diabetes members.

- Plans enrolled experienced 2.58% lower diabetes drug trend in 2021, compared to non-enrolled peers.



Express Scripts' Efforts to Drive Lower Costs

Express Scripts applauds the recent announcements by insulin manufacturers that certain insulins will have lower list prices later this year and welcomes all manufacturers to lower their list prices so that patients can have access to safe, effective, and affordable medications. List prices are exclusively controlled by drug manufacturers. It is important to note that we believe the actions to reduce insulin list prices, while highly commendable, were likely driven by provisions in the American Rescue Plan Act which, starting January 1, 2024, will remove the existing cap on manufacturers' rebates in Medicaid, and thus increase manufacturers' Medicaid rebate obligations.¹⁹

Formulary Development and Client Adoption

With more than 19,000 approved prescription drugs available in the U.S., a drug formulary, or preferred drug list, is a continually updated list of medications and related products supported by current evidence-based medicine and the judgment of physicians, pharmacists, and other experts in the diagnosis and treatment of disease and preservation of health. Formularies help ensure access to the most

¹⁹ John Wilkerson, *By cutting insulin prices, Eli Lilly avoids paying big Medicaid rebates*, STAT (March 6, 2023), <https://www.statnews.com/2023/03/06/eli-lilly-insulin-medicare-rebates/>

effective medications, drive competition among pharmaceutical companies, and help combat an estimated \$16 billion wasted every year on low value medications.²⁰

Since our inception, Express Scripts' mission is to make drugs safe and more affordable for those we have the privilege to serve throughout the U.S. and abroad. These principles are integrally embedded in our formulary development process, which is constructed to first and foremost ensure an unbiased clinical perspective from independently practicing clinical physicians and pharmacists.²¹

Once a drug is independently determined to be clinically appropriate, if there is competition in the market, Express Scripts will harness that competition to negotiate with drug manufacturers to offer its clients and customers clinically effective, affordable solutions for delivering prescription benefits, whether that is through a negotiated rebate, a reduction in list price, or both. Financial impact to Express Scripts is expressly excluded and prohibited from consideration in the formulary development process. The financial impact to Express Scripts' clients, however, is considered, as it should be, but only after all clinical considerations have been taken into account.

Using this formulary development process, Express Scripts offers clients a variety of standard formulary options, including Express Scripts' largest standard formulary, the National Preferred Formulary (NPF), which includes roughly 600 brand-name drugs and 99% of all generics. Express Scripts also offers the National Preferred Flex Formulary, which provides clients with the ability to take advantage of authorized alternatives introduced by brand manufacturers with lower list prices. The Flex Formulary is just another example of how we champion sustainable pricing models, where manufacturers are able to do the right thing for patients, and where payers can choose a model that best helps them achieve their goals. Express Scripts' clients have secured cumulative savings of approximately \$30 billion since 2014 from our formulary selections and strategies.

Express Scripts' clients, based on their own unique situation, can select a formulary that is most appropriate for their members or use existing formularies as the foundation for a custom formulary. In every instance, Express Scripts' clients define the entirety of the prescription drug plan offered to their members, including whether a patient will be responsible for a copay, and if so, how much, whether a patient will need to satisfy a deductible, or whether a specific out-of-pocket maximum applies to that patient.

Negotiating the Lowest Net Cost

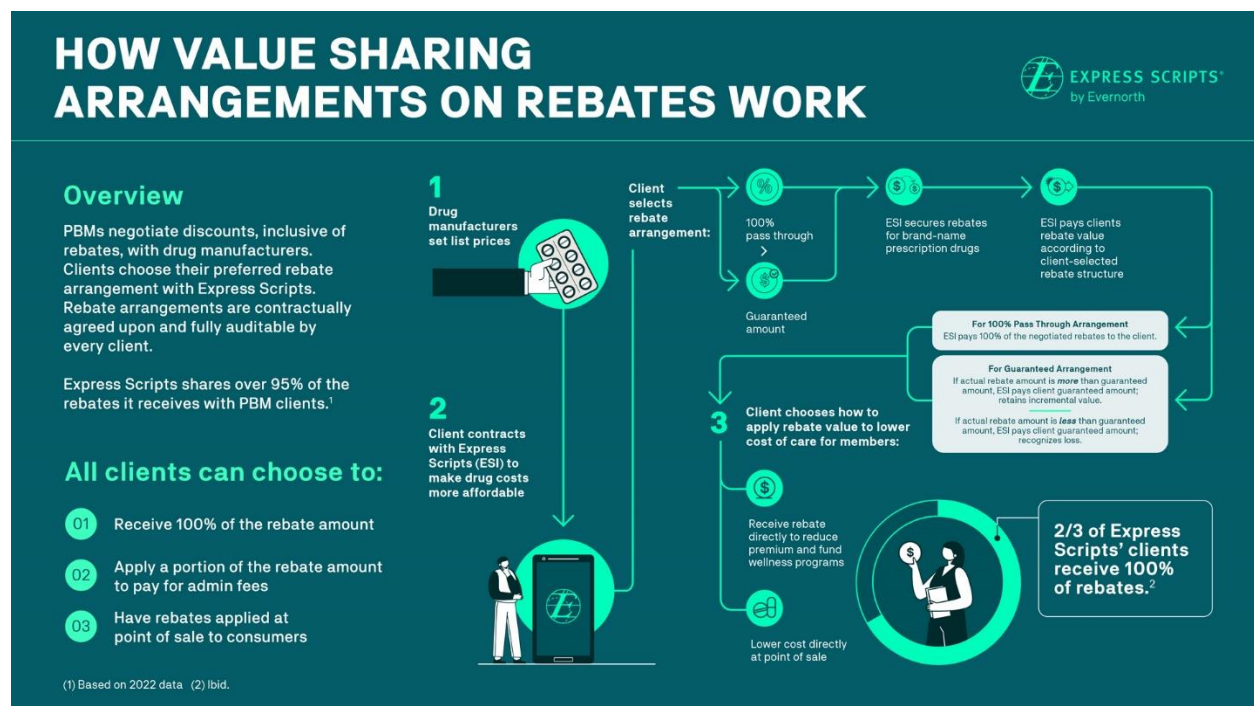
When there are multiple therapies with similar clinical efficacy, like branded insulins, Express Scripts leverages competition between drug manufacturers to drive to the lowest net cost. Rebates negotiated can drive down the net, total cost

²⁰ Colla, Carrie H et al. "Choosing wisely: prevalence and correlates of low-value health care services in the United States." *Journal of general internal medicine* vol. 30,2 (2015): 221-8. doi:10.1007/s11606-014-3070-z

²¹ Express Scripts, *Formularies*, <https://www.express-scripts.com/corporate/about/formularies>

of the drug, as can a low list price. The overall value negotiated from manufacturers through rebates has increased over time, as has the value shared with Express Scripts' clients. **When developing options for our clients and their members, we focus on the lowest net cost of a drug, not the rebate.**

Employers and other plan sponsors that work with Express Scripts choose how rebates are used. Some use them to lower premiums and/or cost-sharing, others choose to expand access, fund wellness programs, and/or provide discounts to their members at the point-of-sale. Employers and health plans have full control in deciding how rebates are used and how to contract with Express Scripts. They are provided robust financial disclosures, which include Express Scripts' principal revenue sources and information on rebate arrangements, administrative fees, and pharmacy claim insights. In total, Express Scripts passes 95% of rebates it receives to health plan clients and their customers.



The role of rebates has been characterized by some *as the mechanism* for increasing drug list prices, and thus increasing costs for patients. This claim is false. Negotiated rebates have increased over time specifically as a result of manufacturers raising list prices, and thus increasing costs for patients. Independent, government reports show that list prices rise irrespective of rebates and depend heavily on whether there is competition in the market:

- A 2019 U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG) report found **that list prices increased faster than rebates and many drugs experienced declines in rebates at the same**

time list prices rose.²² The report concluded that rebates insurance providers and PBMs secure for seniors in Part D led to lower Medicare premiums.

- Similarly, the Medicare Payment Advisory Commission (MedPAC) studied brand drug prices net of rebates in Medicare Part D and found that net prices more than doubled between 2010 and 2020, with net prices for single source brand-name drugs increasing by 10.2% on average annually.²³
- MedPAC also found that in 2020, higher priced drugs with limited competition or no competition offered “fewer and proportionally smaller rebates” when compared to drugs with list prices below \$700.²⁴ Specifically, for the 242 unique products priced over \$10,000, only 15% offered a rebate.²⁵

Additionally, rebates are typically not offered on generic medications, which make up the vast majority (90%) of medications by volume dispensed.



Drug competition is what ultimately drives rebates, lower list prices, and lower net costs. One insulin-specific example: The long-acting insulin pen injector Lantus was released in 2010 with a high list price and more than doubled over 2010-2014, despite very limited negotiated rebates. However, in 2015, competition

²² Department of Health and Human Services Office of Inspector General. (Sept. 2019). *Rebates for Brand-Name Drugs in Part D Substantially Reduced the Growth in Spending from 2011 to 2015*, HHS OIG. <https://oig.hhs.gov/oei/reports/oei-03-19-00010.pdf>

²³ Medicare Payment Advisory Commission. (April 7, 2022). Analysis presented at April 7, 2022 public meeting, *Initial Findings from MedPac’s analysis of Part D data on drug rebates and discounts*. <https://www.medpac.gov/wp-content/uploads/2021/10/MedPAC-DIR-data-slides-April-2022.pdf>

²⁴ Ibid.

²⁵ Ibid.

entered the market and after that time, Lantus' price increased only modestly year-over-year from 2015-2023, and rebates substantially increased over the same time period. This underscores the studies referenced above that manufacturers can and will increase list prices to whatever the market will bear until competition is introduced.

Without the ability to use rebates as a mechanism to achieve lower net costs, health care spending would be much higher. CBO estimated that a proposal to eliminate the use of rebates in the Part D program would have cost taxpayers \$177 billion in higher drug spending.²⁶ The delay of this regulation was a principal revenue source for passage of the IRA.²⁷ This reflects the value PBMs deliver through rebates to result in lower net drug costs.

Insulin Competition and Biosimilar Access

Insulins are considered highly interchangeable by Express Scripts' Pharmacy & Therapeutics (P&T) Committee, comprised of independent, practicing physicians and pharmacists reflecting a variety of specialties, including endocrinology. Many competing insulin brands contain the same active ingredient (e.g., Humulin vs. Novolin, Lantus vs. Basaglar). Manufacturers thus compete closely on list price and delivery method and aggressively seek to build brand recognition and loyalty with patients through direct-to-consumer marketing. Express Scripts makes formulary decisions based on the P&T Committee's clinical parameters, ensuring that there are preferred products for every class of insulin and limiting as much as possible any changes that would be highly disruptive to patients.

The insulin market is unique in that it has been historically dominated by branded products. Interchangeable biosimilar competition has only very recently entered the market, as a result of insulin's initial classification as a drug regulated by the Food, Drug, and Cosmetic Act (FD&C), the complexities in manufacturing insulin that prevented generic competition, and insulin manufacturers' ability to exploit imperfections in patent law to extend patent protections for their branded products.

This is poised to change. Express Scripts has advocated for years for a safe, effective way to bring biosimilars to market because they hold tremendous cost savings opportunities for patients, employers, health plans, and the entire health care system. Recognizing these issues, Congress mandated in the Biologics Price Competition and Innovation Act of 2009 (BPCIA) that insulins and certain other drugs transition to a biologic classification. Congress built in a 10-year timeline for the transition, which was effective on March 23, 2020. Appropriately, the U.S. Food and Drug Administration (FDA) announced March 23, 2020 as a "historic day and landmark moment for patients with diabetes and other serious medical

²⁶ Congressional Budget Office. (2019). *Incorporating the Effects of the Proposed Rule on Safe Harbors for Pharmaceutical Rebates in CBO's Budget Projections – Supplemental Material for Updated Budget Projections: 2019 to 2029.*

²⁷ Ibid.

conditions.”²⁸ The transition to a biologic classification allowed for the FDA to review applications for interchangeable biosimilar insulins, which are projected to dramatically increase competition in the market for insulin. The FDA approved the first interchangeable biosimilar insulin product on July 28, 2021.²⁹

Importantly, unlike most generics, biosimilars are not automatically designated as interchangeable upon FDA approval. If a patient is prescribed a brand drug which has a generic alternative, pharmacists can generally automatically substitute the lower-cost generic at the pharmacy counter. However, for biosimilars, the pharmacist is unable to switch the patient from the brand biologic to the lower-cost biosimilar unless that biosimilar alternative is designated as interchangeable. This underscores the importance of policymaker support for not just biosimilars, but interchangeable biosimilars.

The approval of Semglee®, a form of insulin which is both biosimilar to *and interchangeable with* Lantus®, is helping pave the way for automatic substitutions in certain states, where pharmacies can automatically shift patients to the lower-cost product, but only to the extent those state’s laws allow. We support continued efforts by the FDA to streamline the approval process for biosimilars and issue guidance necessary to promote greater regulatory clarity in the biosimilars marketplace, including better defined standards for interchangeability of biological products.

The introduction of new interchangeable biosimilar insulin options allows for *greater competition* between insulin manufacturers, allowing Express Scripts to leverage that competition to drive deeper discounts on the products for its clients and patients. As stated earlier, when developing options for our clients and their members, we focus on the lowest net cost of a drug, not the rebate. Express Scripts announced in October 2021 that Semglee would be available as a preferred product on our National Preferred Formulary, and we estimated cost savings for our clients of \$20 million in 2022.³⁰

Proposals to Statutorily Cap Insulin Copays for Patients

Express Scripts has worked hard to bring together supply chain stakeholders to develop solutions to lower insulin costs paid by insured and uninsured patients at the pharmacy counter and the net prices paid by our employer and health plan clients. Many of Express Scripts’ employer clients insulate their members from paying high out-of-pocket costs based on the list price of insulins using Express

²⁸ U.S. Food and Drug Administration. (March 23, 2020). *Insulin Gains New Pathway to Increased Competition*. <https://www.fda.gov/news-events/press-announcements/insulin-gains-new-pathway-increased-competition>

²⁹ U.S. Food and Drug Administration. (July 28, 2021). *FDA Approves First Interchangeable Biosimilar Insulin Product for Treatment of Diabetes*. <https://www.fda.gov/news-events/press-announcements/fda-approves-first-interchangeable-biosimilar-insulin-product-treatment-diabetes>

³⁰ Express Scripts. (Oct 20, 2021). *Express Scripts Will Unlock \$20 Million in Savings for Clients in 2022 by Preferring the First Interchangeable Insulin Biosimilar*. <https://www.evernorth.com/articles/express-scripts-will-prefer-first-interchangeable-insulin-biosimilar>

Scripts' Patient Assurance Program, preventive care drug lists for those in HSA-HDHPs, and using negotiated rebates to set low deductibles and copays.

Many in Congress have proposed broadly capping insulin copays for patients by preventing employers and health plans from charging more than a specified amount. While this seems like a simple solution, depending on the way it is structured, it could mask the problem instead of solving it and ultimately increase patient costs through higher premiums. If patient costs are statutorily capped at the pharmacy counter, insulin manufacturers have less incentive to lower the total cost for employers and health plans, which could result in higher costs for patients. This phenomenon is present in Medicare Part D's requirements for "protected classes," whereby all drugs in the six protected classes are required to be covered in Part D. The requirements to cover these drugs have resulted in reduced negotiating leverage with manufacturers and increased costs for those specific classes when compared to other drug classes.³¹

When considering patient out-of-pocket costs, it's important to keep in mind that it only represents a portion of the total cost of a drug. According to National Health Expenditure (NHE) data, patient out-of-pocket spending (deductibles, copays, and coinsurance) represented 13.3% of all retail drug spending in 2020, with health insurance (employers, private health insurers, Medicare, Medicaid, and other health insurance programs) covering the remaining 86.7% of prescription drug costs.³² NHE projects patient out-of-pocket spending for retail prescription drugs to decline to 10.4% by 2030.³³

The private market solutions available today, including Express Scripts' Patient Assurance Program and Copay Assurance Program, work to bring manufacturers, payers, and PBMs together to drive down both patient out-of-pocket costs and the net cost burden absorbed by the payer. By maintaining negotiating leverage with manufacturers on the total drug price, including patient out-of-pocket cost and the larger net cost, these solutions avoid some of the challenges and unintended consequences that can come with the strictures of legislation.

We recognize there remain circumstances in which patient costs for insulin are still prohibitively expensive. Instead of enacting legislation that may ultimately result in increased costs for payers and patients, we believe there are constructive changes to HSA-HDHP arrangements that would provide more flexibility for our clients to offer lower cost options and address many of the situations in which patients may be paying higher costs at the pharmacy counter. These changes are outlined further in our testimony.

³¹ Medicare Payment Advisory Commission. (2020). *Report to Congress: Medicare and the Health Care Delivery System*. <https://www.medpac.gov/document/june-2020-report-to-the-congress-medicare-and-the-health-care-delivery/>

³² Centers for Medicare & Medicaid Services. (2021). *National Health Expenditure Data: Historical*, at Table 16, <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical>

³³ Ibid.


Delivering Clear Contracting Options for Express Scripts Clients and Price Transparency for Patients

Express Scripts' clients have complete control and flexibility to choose their specific benefit design, network, and pricing structure to best balance cost, coverage, and the needs of their employees and populations. Because the market for client contracts is so competitive, Express Scripts is constantly innovating to bring new contracting solutions and transparency to deliver the best value for our clients and customers.

A key principle underlying Express Scripts' pricing models is client choice.

Express Scripts offers employers, health plans, and public sector entities multiple contracting options to support the unique needs of their populations. Clients have options to finance Express Scripts' services using (1) administrative fees; (2) value sharing arrangements on rebate discounts; (3) value sharing arrangements on discounts negotiated with retail pharmacies; or (4) a combination of the options. To demonstrate our value and meet strict governance standards, clients receive detailed financial disclosures, including Express Scripts' principal revenue sources and information on rebate arrangements, administrative fees, and pharmacy claim insights, provided at no additional charge. Further, all Express Scripts' clients have an annual right to audit our performance and adherence to contract terms using an independent, third-party auditor.

EXPRESS SCRIPTS SERVICES COVERED BY ADMINISTRATIVE FEES



Overview

Express Scripts receives fees from clients for PBM administrative services we provide to make pharmacy benefits management simpler and more effective.

Clients can choose to pay for these services through one of Express Scripts' transparent pricing models.

All clients can choose to:

- 01 Pay for admin fees directly (pass through pricing)
- 02 Offset or forgo admin fees with value sharing arrangements on rebate savings
- 03 Offset or forgo admin fees with a spread pricing arrangement

A majority of Express Scripts clients choose to pay for PBM administrative services directly.

Admin fees are calculated based on client size, benefit design, utilization and other services provided by Express Scripts. These include services such as:

- Claims Adjudication
- Retail Network Management
- Formulary Management
- Clinical Programs
- Utilization Management Programs

Spread or Risk Mitigation Pricing

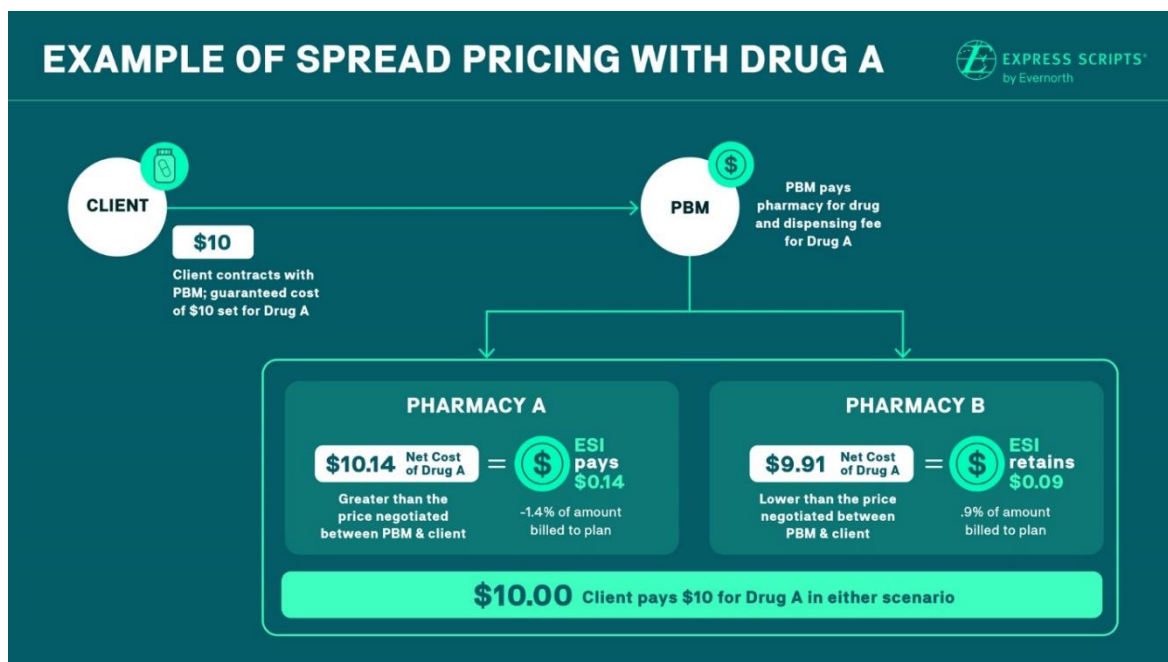
In a spread, or risk mitigation, pricing model, a client elects for more predictable, fixed pricing for prescription drugs dispensed by pharmacies and may pay reduced

fees or no fees for Express Scripts' services, like claims adjudication, network management, and formulary management. Express Scripts provides a guaranteed discount on prescription drugs dispensed, which works for many clients looking to mitigate risk and keep their monthly drug spend predictable. If prices for prescription drugs rise above the guaranteed rate, the client is held harmless, resulting in Express Scripts incurring a loss on prescription drug claims. This means employers and health plans are protected from fluctuations in drug prices.

Clients may elect to utilize a spread pricing model to offset or forgo the cost of PBM services Express Scripts provides, creating a more affordable contracting option for some clients. Incremental value retained by Express Scripts under a spread pricing arrangement represents value sharing and Express Scripts' compensation for providing services.

We recently announced efforts to provide clients utilizing spread pricing with enhanced financial and fee disclosure for Form 5500 reporting and other plan administrative functions. The Form 5500 Series is a compliance, research, and disclosure tool for the U.S. Department of Labor (DOL), other Federal agencies, Congress, as well as for plan participants and beneficiaries, and the private sector to assess employee benefit, tax, and economic trends and policies. Express Scripts will provide the same level of disclosure to its non-ERISA clients to help support them in understanding the services Express Scripts provides.

Spread pricing is not a unique arrangement to Express Scripts or PBMs. It is used across the prescription drug supply chain, from manufacturers to pharmacies, and across the broader health care industry and economy, from retail to automotives to food and beverage.



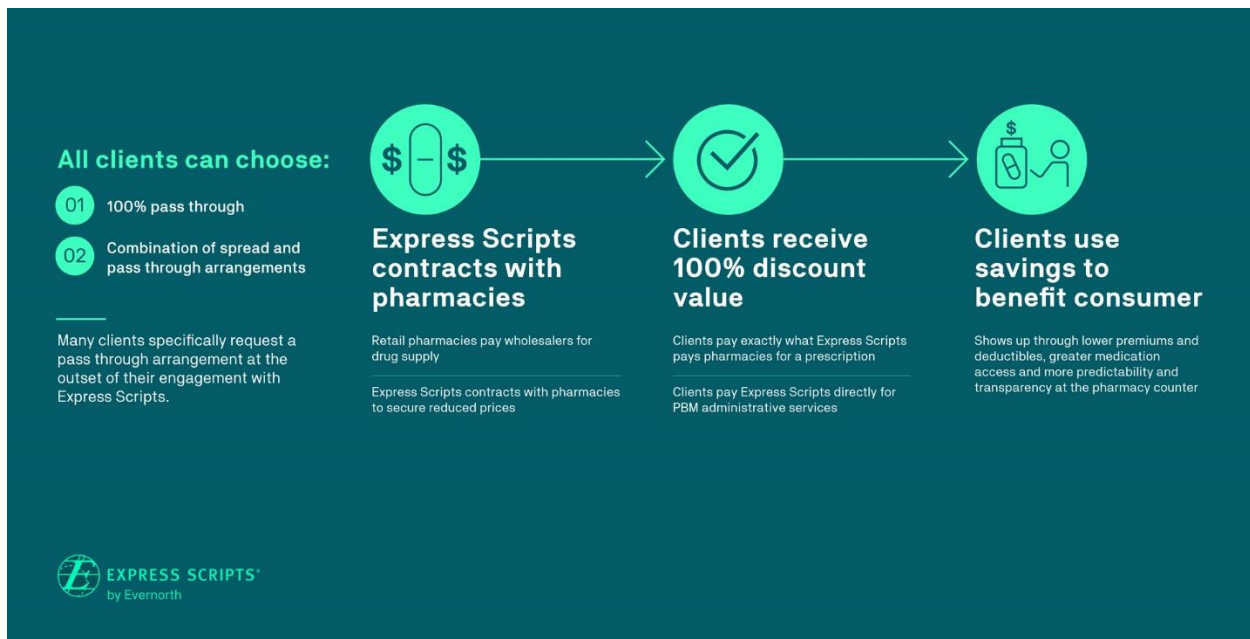
Pass-Through Pricing Models

In a pass-through pricing model, Express Scripts collects fees for the services it provides, such as claims administration, retail network management, formulary management, clinical programs, and utilization management programs. One example of pass-through pricing is Express Scripts' ClearCareRx contracting model, which offers employers the option of a transparent economic model by providing clear and predictable costs for prescription drug benefits:

- Clients pay exactly what Express Scripts pays pharmacies for a prescription.
- Clients receive 100% of the drug rebates that Express Scripts obtains by negotiating with pharmaceutical companies.
- Clients pay one simple fee to cover the administration of pharmacy benefits, PBM product services, reporting and analytics, and is 100% auditable.
- Provides guarantees that keep Express Scripts accountable to clinical and financial performance measures, including improvements in drug performance, adherence, and overall patient outcomes.

Express Scripts successfully piloted the program with several employers and health plans covering 500,000 people. Results from 2021 (full year) include:

- -3.5% drug trend
- 12% total medical cost reductions and \$193 million in savings from closing clinical care gaps
- 86% of patients that were previously non-adherent to their medications improved adherence through our coaching and interventions



Value Sharing Arrangements on Rebate Discounts

Express Scripts shares in the rebate savings it generates for its clients when a client (a) elects to receive a minimum guaranteed rebate amount and the minimum guaranteed rebate amount is less than the actual rebate amount received by Express Scripts and/or (b) elects to forgo payment of administrative fees in lieu of a rebate value sharing arrangement. If a client's guaranteed rebate amount exceeds the actual rebate amount received by Express Scripts with respect to that client's utilization, Express Scripts pays the client the guaranteed rebate amount and recognizes a loss; and therefore, Express Scripts is at risk based on performance. Regardless of method selected, Express Scripts passed through over 95% of rebates it collected for its clients in 2022.

Client Choice and Proposals to Ban Spread Pricing

We appreciate the work of the Committee to consider bipartisan reforms to the transparency and availability of pharmacy benefit services. We are concerned, however, that banning practices utilized by many of our clients, particularly smaller businesses, may result in unintended consequences, including increased risk volatility for those businesses. Despite CBO indicating there are federal budgetary savings tied to provisions to increase transparency and ban spread pricing, it is unclear that the ban on spread pricing specifically is driving any of the savings to employers and may ultimately result in higher health care premiums.³⁴ Therefore we strongly caution against banning this option for our clients without a greater understanding of the financial implications to employers utilizing spread pricing today.

Many clients choose a combination of spread and pass-through arrangements to manage drug costs for covered members. Express Scripts and clients work together to design pricing options that work best for the client's needs. Many of Express Scripts' clients are sophisticated purchasers, and all employers are represented by brokers who bring a deep knowledge of the benefits industry, conduct analyses of the potential value provided by the PBM, and provide advisory services when selecting a PBM and negotiating a contract. Express Scripts has no financial connection to these consultants.

Express Scripts is committed to being transparent to our clients and beneficiaries, and provides clients with robust disclosures, provided at no additional charge, which include Express Scripts' principal revenue sources and information on rebate arrangements, administrative fees, and pharmacy claim insights. Further, all Express Scripts' clients have an annual right to audit our performance and adherence to contract terms using an independent third-party auditor. We urge the Committee to work to ensure transparency legislation is meaningful to payers and patients and will not be a tool utilized by other actors in the drug supply chain to

³⁴ Congressional Budget Office. (2019). At a Glance: S. 1895, Lower Health Care Costs Act. July 16, 2019. Available at: https://www.cbo.gov/system/files/2019-07/s1895_0.pdf

increase costs, or a mechanism to increase the burden on employers already struggling to manage benefits.

Overall, our beliefs, our business model, and our orientation is geared toward: (1) providing innovative solutions that enable access to medications at affordable costs and with improved health outcomes; (2) providing clients with choices to enable them to navigate the numerous aspects of delivering accessible, affordable pharmacy benefits to their covered populations; and (3) continuously improving, including by providing additional levels of transparency about the value we create.

Patient Price Transparency

In addition to lowering the prices of prescription drugs, providing customers with convenient access to personalized information about the cost and quality of their care has long been one of our principal priorities. Express Scripts offers industry-leading tools to help patients make informed health care decisions, including the ability to access real-time cost-sharing information for prescription drugs with individualized prices for their specific prescription at participating pharmacies nationwide. The information is personalized to the patient based on their prescription drug benefit, incorporating information on deductibles, out-of-pocket maximums, and Health Savings Account or Health Reimbursement Account information. Over 22 million patients have benefited from this service.

To enable constructive conversations between patients and their health care providers, we also make this information available to health care providers at the point of service. In 2022, we made this information available to more than 850,000 health care providers at the point of prescribing.

Starting in 2024, all prescriptions covered by Express Scripts will include an easy-to-understand digital pharmacy benefits statement for patients – sharing drug pricing information, out-of-pocket costs, and the value delivered by Express Scripts. This benefit will be implemented across all 64,000 pharmacies in Express Scripts' networks.

Express Scripts' Price Assure Program

To further assist those enrolled in HSA-HDHPs who are still in the deductible phase of their benefit, Express Scripts launched Price Assure to provide easy access to the lowest prices for medications on the market. Price Assure ensures customers pay the lowest price available when picking up their medication at the pharmacy, whether that price is their copay, the pharmacy's cash price for the medication, or the discounted price offered by GoodRx. In most cases, the best prescription medication price comes from our negotiated price within the benefit, but there are instances where cash discount pricing is lower, particularly for customers with HSA-HDHP plans where the customer is responsible for the full cost of the medication until they meet their deductible.

Price Assure doesn't require customers to take any action or price shop, providing a key benefit to those who will benefit from the discounts. Additionally, this program ensures any out-of-pocket costs contribute to a patient's deductible, which doesn't happen when an individual uses third-party discount programs. Most importantly, because the prescription is processed within the benefit, it undergoes thousands of health and safety checks for things like drug interactions and allergic reactions to ensure each patient gets the right medication at the right time. More than 10 million customers are enrolled in this program, provided at no cost to Express Scripts' clients.

How Express Scripts Contracts with Pharmacies

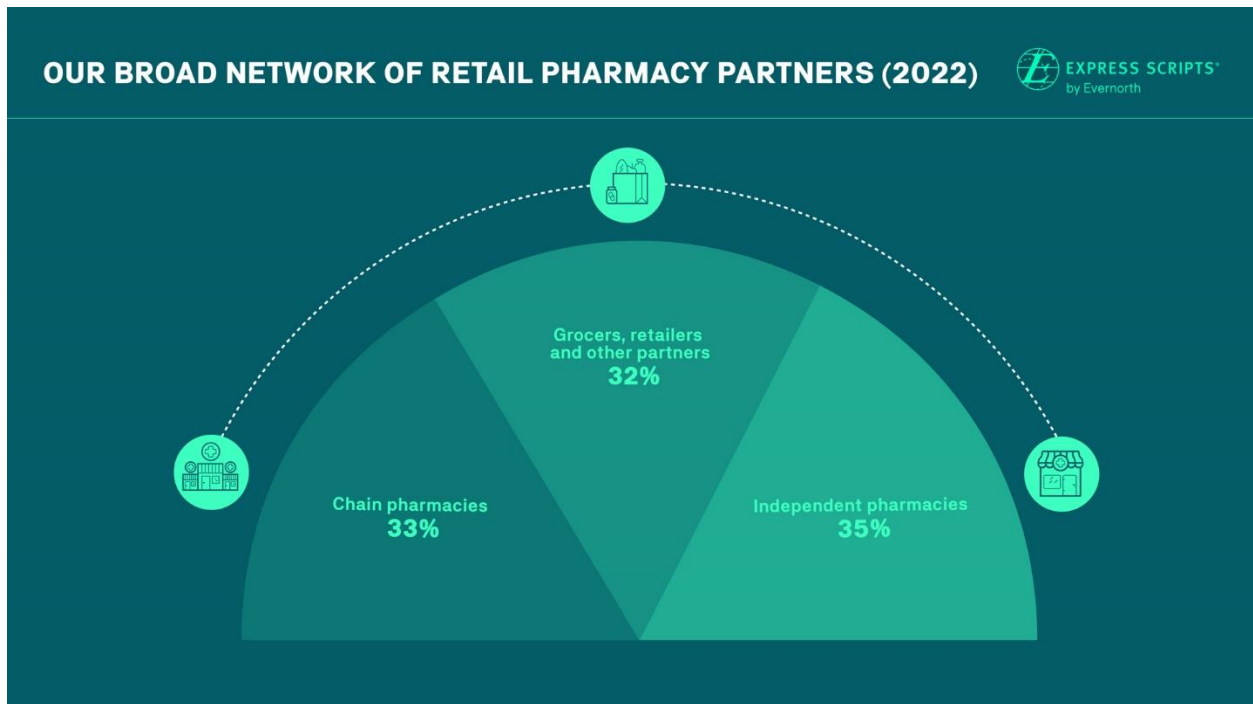
PBMs build networks of pharmacies to provide consumers convenient access to prescriptions at discounted rates. Just like physician networks, pharmacy networks are designed to achieve optimal access, quality, and savings for clients and customers. A well-designed network strategy is more than just a list of in- and out-of-network pharmacies, but rather it is comprised of the right coverage to account for population size, geographic area, clinical goals, and utilization patterns.

Across the U.S., there are four types of pharmacies: (1) chain pharmacies; (2) regional pharmacies, including grocers and large consumer goods retailers; (3) independent pharmacies, of which a majority contract with pharmacy services administrative organizations (PSAOs) owned by large wholesalers; and (4) mail-order and online pharmacies, commonly known as home delivery.

Express Scripts partners with pharmacies to drive savings and access for consumers, working to make sure there is convenient access to medicines at the lowest available cost. Clients choose the pharmacy networks that work best for them and the unique needs of their employees and populations based on geography, demographics, and other key factors.

Optimizing a pharmacy network does not equate to limiting access. Express Scripts works to create flexible pharmacy network options – from large chain pharmacies to regional pharmacies to independent pharmacies and home delivery – that help ensure patients can easily access the medications they need, when and where it's most convenient. In fact, there are nearly 64,000 pharmacies in the Express Scripts national network and nearly every patient has an in-network retail pharmacy within a 15-minute drive of their home. By way of reference, that is more locations in the United States than McDonalds and Starbucks.

OUR BROAD NETWORK OF RETAIL PHARMACY PARTNERS (2022)



Pharmacies are offered competitive rates, and we contract with retail and home delivery for both traditional and specialty medications to ensure robust network coverage. Clients also have flexibility with how they pay for prescriptions dispensed to their members, including through a spread or pass-through model.

PBMs have substantial safety checks in place to review every prescription processed by every pharmacy in the network. This proactive approach is anticipated to help prevent an estimated 1 billion medication errors over the next 10 years.³⁵ Express Scripts continues to pioneer new ways of working with pharmacists, including launching online prescribing systems that show drug-to-drug interactions and integrate benefits into the pharmacy-provider workflow, which are designed to minimize the risk of medication errors.

Fostering Independent Pharmacy Growth

One in five Americans live in rural areas, yet less than 10% of physicians practice in those locations, creating critical access gaps. Often, independent pharmacists in those communities can close those gaps as the front lines of care, which is why Express Scripts recently launched a program to further champion and expand access to rural independent pharmacies. The IndependentRx Initiative is aimed at increasing reimbursement and health care opportunities for rural pharmacists who are on the front lines delivering health care in rural areas.

³⁵ "The Return on Investment (ROI) on PBM Services." Prepared by Visante on behalf of PCMA, February 2020. https://www.pcmagnet.org/wp-content/uploads/2020/02/ROI-on-PBM-Services-FINAL_.pdf

Express Scripts has always offered rural pharmacies higher reimbursement, as they are an extremely valuable and necessary network partner due to lack of health care access in rural areas. The Initiative increases reimbursement to support pharmacies that prioritize pressing health care needs facing rural America.

To provide more convenient care options for patients and support our independent pharmacist partners, we're also launching efforts that increase access to certain routine, preventive, and chronic care services at independent, rural pharmacies. Within the legal limits currently in place, we will offer plan design options that would reimburse for medical services, including a variety of health screenings, tests, and clinical services (e.g., vaccine administration and influenza testing), substance use disorder education (e.g., education to administer Naloxone), and behavioral health screenings. Generally, we support the option for pharmacists to practice at the top of their licenses and encourage policies that would expand the role pharmacists play in delivering health care.

Knowing there is a lot more we can achieve together to address patient access, we also announced the creation of an Independent Pharmacy Advisory Board. By deepening our partnership with rural pharmacies, we can help remove barriers to patient care in hard-to-reach places throughout the country. We are eager to further explain this initiative and partner with policymakers to advance solutions that enable licensed independent pharmacists to play a bigger role in care delivery. In addition, all independent rural pharmacies will have increased opportunities to participate in Express Scripts' retail pharmacy networks.

These initiatives stem from a 2022 Columbia University Mailman School of Public Health study that demonstrated amid growing provider shortages, pharmacists in the U.S. are well-trusted by patients and projected to play an increasingly integral role in care management.³⁶ These steps build on Express Scripts' ongoing commitment to America's rural communities.

Public Policy Solutions for Greater Affordability, Access, and Predictability

Express Scripts supports public policy solutions that will advance competition and protect the use of proven private sector tools, while not eliminating or restricting the ability to negotiate the lowest overall cost. This includes:

- Providing more flexibility for HSA/HDHPs to offer lower cost options to enrollees:
 - Allowing HSA/HDHPs to offer separate deductibles for medical coverage and prescription drug coverage, provided the combined total is within the code limits (i.e., for 2022, minimum \$1,400 for single coverage and \$2,800 for family coverage).

³⁶ Press Release, Express Scripts Pharmacy. (January 12, 2022). *Pharmacists' Role to Expand Over Next Decade amid the Pandemic and Provider Shortages*. <https://www.evernorth.com/articles/pharmacists-role-expand-over-next-decade-amid-pandemic-and-provider-shortages>

- Amending out-of-pocket maximums so they are the same under the Affordable Care Act (ACA) by permitting separate out-of-pocket maximums provided the combined total is within the ACA limits.
 - Amending inflation adjustments so that the out-of-pocket maximums for HSA/HDHPs and all other group plans are the same.
 - Considering adjustments to the HSA/HDHP preventive services list.
 - Increasing flexibility for HSA/HDHPs to cover high-value items and services before satisfying the deductible.
- Promoting competition by streamlining the approval process for biosimilars and issuing guidance to promote regulatory clarity, including better defined standards for the interchangeability of biological products.
 - Curbing anticompetitive tactics and loopholes used by drug manufacturers to prevent or delay the market availability of lower-cost alternatives, including preventing patent “thickets” by drug manufacturers.
 - Shortening the 12-year market exclusivity for brand-name biologics to seven years to promote greater price competition and earlier market availability of biosimilars.
 - Ensuring health plans and PBMs retain their ability to use formularies and utilization management tools to drive utilization to lower-cost items, services, and providers in support of access to safe and reliable treatments at lower costs.
 - Changes to Medicare Part D’s protected class policies to offer Part D plan sponsors more flexibility in designing formularies and provide more leverage in negotiating with manufacturers, in part because the Part D program already includes strong patient protections that enable beneficiaries to gain access to any drugs subject to utilization management when clinically appropriate.
 - Enhancing initiatives to increase health literacy, informing patients about where and how to access information, and encouraging the use of available information when making health care decisions.
 - Building on existing private sector price transparency tools that are being iteratively improved over time, rather than cementing regulatory constructs that would limit the industry’s ability to better serve patients’ needs.

* * *

Thank you for the opportunity to be here today, and for the consideration of our views. We look forward to working with you and others to improve the affordability

and accessibility of insulin products. Many of the proposals highlighted in my testimony are achievable if we work collaboratively, throughout the system, to overcome the challenges facing public and private stakeholders, and the health of our nation.

I welcome the opportunity to discuss these issues with you and look forward to your questions.