



Day on the Hill
January 28, 2016

**VAHU supports HB 1113 / SB 487
Prescription Drug Transparency
Delegate Timothy D. Hugo/ Senator Emmett W. Hanger Jr.**

The Virginia Association of Health Underwriters is an advocate for transparency and reporting on pharmaceutical cost increases for consumers, tax payers, employers and public entities. Since the passing of the Patient Protection and Affordable Care Act (PPACA) in 2010, drugs that have been on the market for years have seen drastic increases, some upwards of 14000%.

The number of prescription drugs costing over the \$10,000 threshold has nearly doubled from 2010 to 2014. The problem will continue into the future, as specialty drug spending is projected to increase 16% in each of the next 3 years.

HB 1113 / SB 487 is simply asking the pharmaceutical manufacturers producing a drug over the \$10,000 threshold to report:

- The cost of research and development
- The cost of advertising

This information would be collected by the Commissioner of Health and the final report would be submitted to the House and Senate Committees, eventually to be posted on a website for the public to view as outlined in the bill labeled under Agreements for certain data services 32.1-276-4.

Transparency in healthcare costs is a national, bi-partisan conversation that health plans, hospitals, providers and consumers in which all should be participating. We believe the industry that has contributed 33% of rising health costs should not be excluded from the conversation of the rising cost of care, and therefore the rising cost of insurance.

The Virginia Association of Health Underwriters (VAHU) is a professional association that represents more than 3,000 health insurance agents, brokers, and employee benefit specialists from across the Commonwealth of Virginia. Members of VAHU work on a daily basis to educate and assist both individual consumers and small to large employers groups in purchasing, administering and utilizing health insurance coverage. Agents and brokers design benefit plans to best fit the consumer's needs, as well as explain coordination issues of public and private benefits to individuals/employees, clarify how the interplay of existing federal and state law applies and works to resolve any issues that may occur once coverage is in place.



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VAHU supports HB 837 Medicare Supplement Policies for Individuals Under Age 65 Delegate James W. Morefield

Requires insurers offering Medicare supplement policies in the Commonwealth to individuals age 65 or older to offer such policies to individuals who are under 65 years of age and who are eligible for Medicare due to disability.

Per the impact statement, there are currently 30 of 32 carriers, selling Medicare Supplement policies in the Commonwealth, that have stated they will market Medicare Supplements to this population. Current patient/insured cost shares of the Medicare Program:

Part A (generally hospitalization):

- \$1288 deductible per benefit period/occurrence
- days 61-90, \$322 a day
- days 91-beyond (a lifetime reserve of up to 60 additional days) \$644 per day
- Insured pays all costs once the lifetime reserve has been used

Part B (generally outpatient events and physician services):

- \$166 annual deductible
- then the patient pays cost sharing of 20% of CMS approved billable charges

Medicare supplement policies have the ability to reduce if not eliminate some or all of these charges! Plan F, one of the most commonly sold plans, provides for 100% coverage of all the above mentioned charges for the insured. With medical related bankruptcies on the rise, this should be a bipartisan solution to help protect the consumer.

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