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**Minnesota House of Representatives**  
**House Commerce Committee**  
**February 19, 2020**  
**Eric M. Tichy, Pharm.D., MBA, Mayo Clinic**

Dear Members:

Madame Chair, thank you for the opportunity to submit testimony. I would also like to thank Representative Jennifer Schultz for authoring this legislation. My name is Eric Tichy. I'm a pharmacist in Mayo Clinic located in Rochester, and I serve as vice-chair of supply chain management for the Mayo Clinic enterprise. I write today on behalf of Mayo Clinic to share support for the passage of House File 3223, which allows pharmacy and provider choice relating to biological product dispensing and prescribing.

Mayo Clinic includes a family of clinics, hospitals and health care facilities serving patients from all 50 states and nearly 140 countries. We employ 70,000 people enterprise-wide and over well over 50,000 Minnesotans—all of whom are committed to providing the best health care that puts patients first.

As the committee considers this legislation, I would like to share an overview of the challenges Mayo Clinic providers are facing and ask for your support. Over the past several decades, biologically derived medications have come to dominate the list of most costly medications, and they have not faced the competition from generic drugs that their small molecule counterparts experience.

Generic drug competition typically reduces the price of drugs by more than 90% within three years of approval, and this leads to significant savings for patients and the overall system of healthcare. To introduce competition for biological agents, the Biologics Price Competition and Innovation Act (BPCI Act) of 2009, created an abbreviated licensure pathway for biological products that are demonstrated to be biosimilar with an FDA-approved biological product. This pathway was established as a way to provide more treatment options, increase access to lifesaving medications, and lower health care costs through competition.

FDA requires biosimilar products meet the agency's rigorous approval standards. That means patients and health care professionals will be able to rely upon the safety and effectiveness of the biosimilar product, just as they would the reference innovator product.

In short, the availability of biosimilars represents one of the best opportunities to significantly reduce the cost of prescription medications.

One of the challenges with biosimilar medications is that each biosimilar of an innovator drug is recognized as a distinctly separate medication and even have separate billing codes. As a result, a provider has to place a specific order for each specific biosimilar version of a drug, and there can be as many as five different biosimilar versions of a single drug. As these agents have become available, certain insurance providers have begun requiring the use a specific biosimilar for patients covered under their health plan. This requirement creates the need for pharmacies to stock multiple versions of one drug adding inventory cost, increasing complexity to the ordering process for providers and introducing unnecessary safety risks into the system. Sometimes the insurance provider even requires the use of the more expensive products if they can negotiate a large rebate from the manufacturer.

The goal of the legislation is to require the insurance providers to cover biosimilar versions of a biological medication at parity allowing the healthcare provider to order the most cost effective medication for the patients they care for. Parity of biosimilar coverage will improve the uptake of biosimilar usage within healthcare delivery organizations by reducing complexity and inventory while also ensuring the preference for the least costly product that will be effective in meeting the needs of the patients.

In closing, Mayo Clinic supports this legislation and policies that advance parity in insurance coverage for biosimilar versions of an innovator biological medication. These steps will facilitate the safe use of biosimilar medications in healthcare organizations and reduce healthcare costs.

Thank you for the opportunity to provide this commentary in support of this legislation.

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