

**ROACH|HEWITT|RUPRECHT
SANCHEZ & BISCHOFF PC**

Christopher T. Roach

66 Pearl Street, Suite 200
Portland, ME 04101

207-747-4875 voice
croach@roachhewitt.com

March 21, 2016

Eric Cioppa, Superintendent
Attn: Elena Crowley
Docket No. INS-15-802
Bureau of Insurance
Maine Department of Professional and Financial Regulation
34 State House Station
Augusta, Maine 04333-0034

Re: Anthem Blue Cross and Blue Shield Request to Discontinue Individual Health Plans

Dear Superintendent Cioppa:

Enclosed for filing please find the following:

SUBMITTED BY: Christopher T. Roach
DATE: March 21, 2016
DOCUMENT TITLE: Prefiled Testimony of Jeffrey Holmstrom
DOCUMENT TYPE: Prefiled testimony
CONFIDENTIAL: **NO**

Thank you for your assistance in this matter.

Very truly yours,

/s/ Christopher T. Roach

cc: Attached service list

NON-CONFIDENTIAL

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE

IN RE:) **EXHIBIT 3**
)
)
ANTHEM BLUE CROSS AND BLUE) PREFILED TESTIMONY OF
SHIELD'S REQUEST TO DISCONTINUE) JEFFREY HOLMSTROM
AND REPLACE LEGACY INDIVIDUAL)
HEALTH PLANS EFFECTIVE JANUARY 1,)
2017) MARCH 21, 2016
)
)
Docket No. INS-15-802)
)
)
)

NON-CONFIDENTIAL

1 **Q. Please state your name and your position with Anthem Blue Cross and Blue Shield**
2 **(“Anthem”).**

3 A. My name is Jeffrey Holmstrom. I am the Medical Director for Anthem in Maine and a
4 board certified family physician by training. In my role at Anthem, I perform the following
5 general functions:

- 6 1) Oversee clinical quality improvement initiatives in Maine.
7
- 8 2) Clinical support/insight for overall health plan strategy in Maine (primarily from
9 insight gained as a practicing family physician).
10
- 11 3) Clinical support for provider contracting.
12
- 13 4) Support adoption of health care transformation of primary care (Patient Centered
14 Primary Care/ Patient Centered Medical Home Pilot, Accountable Care Organization
15 activities).
16
- 17 5) Facilitate adoption of technology (Watson, Illness registries, electronic health records)
18 in the health delivery system to improve quality/member experience and lower cost.
19
- 20 6) Oversee the Grievance and Appeals process in Maine.
21
- 22 7) Support cost of care improvement initiatives from a clinical standpoint
23

24 **Q. You mentioned you are also a family physician. Please describe your practice.**

25 A. In August of 2015 I left my practice of family medicine after roughly 30 years of direct
26 patient care. I have taken a position at the University of New England College of Osteopathic
27 Medicine as an associate professor in the department of family medicine. I firmly believe that
28 my experience as a family practitioner and now as a member of teaching faculty helps me do the
29 best job possible as medical director for Anthem in Maine. That mix of professional roles gives
30 me the balance that is critical when making decisions regarding member benefits, including drug
31 formulary and exceptions protocols.
32

33 **Q. Please describe any relevant education or experience that qualifies you as a witness**
34 **today.**

35 A. I obtained a Bachelor of Arts degree in Biology from St. Michael’s College before
36 attending medical school at the University of New England, where I earned my medical degree

1 as an osteopathic doctor. Immediately after medical school, I completed a rotating internship at
2 the Osteopathic Hospital of Maine in Portland and my residency in family practice at St. Claire's
3 Hospital in New York. I became an attending physician in St. Claire's Department of Critical
4 Care Medicine and held that position from September of 1986 through June of 1992. From 1992
5 to 2002, I practiced family medicine at Martin's Point Health Care and served as the medical
6 director for Aetna (Maine) from 1997-2004 before joining Anthem as its medical director. I
7 have been board certified by the American Board of Family Medicine since 1987. I have
8 significant experience with general patterns of medical care garnered from over 20 years of
9 medical practice in Southern Maine.

10
11 **Q. Please state your reasons for testifying at this hearing.**

12 A. As detailed in the Prefiled Testimonies of Kristine Ossenfort, Dee Clamp and Zach Fohl,
13 Anthem is proposing to transition the members of Anthem's legacy block to ACA-compliant
14 plans effective January 1, 2017. As I explained in my testimony in the 2013 proceeding in which
15 Anthem proposed to migrate grandmothers members, Anthem's ACA plans use a different
16 formulary. The Superintendent approved that new formulary in 2013, finding it was in the best
17 interests of policyholders. Anthem proposes to use what is essentially that same, previously
18 approved, formulary for the transitioned legacy policyholders if Anthem's proposed migration is
19 approved. The purpose of my testimony is to re-explain that formulary and answer any questions
20 that may be posed at the hearing regarding the formulary and Anthem's procedures for requests
21 for off-formulary exceptions.

22
23 **Q. Before explaining the formulary differences, will the proposed migration raise any
24 continuity of care issues?**

25 A. No. Unlike Anthem's 2013 proposal, Anthem proposes here to transition legacy
26 policyholders to ACA plans that use the same type of broad network that they have been
27 accustomed to with their legacy products. Thus, while continuity of care issues do arise as a
28 matter of course when providers leave any network, members who are transitioned under
29 Anthem's proposal will have access to the same type of broad network of providers to which
30 they currently have access. Accordingly, the proposed migration does not raise continuity of
31 care issues for our members.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

Q. Anthem proposes to use a pharmaceutical drug formulary for the transitioned legacy policyholders that differs from the formulary currently in place for the legacy plans. Why?

A. Anthem uses the same formulary for all of its ACA products. Anthem’s ACA formulary provides comprehensive drug coverage and is consistent with formularies that I have observed in the industry. If the legacy policyholders are migrated to ACA-compliant plans as Anthem has proposed, those plans would also use Anthem’s ACA formulary.

Q. How significant are the differences between the formulary that GF policyholders have now and the ACA formulary?

A. As a cost-saving measure, the ACA authorizes carriers to reduce the number of drug offerings within each drug class. This does not mean medications treating specific conditions will not be covered. Rather, it means only that members may have fewer choices for medications used to treat the same conditions.

Currently, legacy members use a formulary that includes approximately 5,800 unique drugs. When these members transition to an Anthem ACA-compliant product, Anthem proposes to use the same formulary for the migrated legacy plans as the Superintendent previously approved for use with the migrated GM plans. Anthem’s ACA formulary covers 1,814 unique drugs, but includes at least one drug in every category and class, and therapeutically-equivalent drugs for the vast majority of the drugs currently covered under the legacy formulary. A small number of drugs (approximately 150) currently covered under the legacy formulary are not covered by a therapeutically-equivalent drug under the new formulary (a “non-formulary drug”).

Q. Why does Anthem’s ACA formulary cover approximately 4,000 fewer drugs?

A. The existing legacy formulary is an “open” formulary and covers multiple drugs in every category and class. As a cost-saving measure, the ACA guidelines advise that formularies should be narrowed to reduce the number of therapeutically-equivalent drugs available for the same category and class. Anthem’s ACA formulary is still robust, but is a “closed” formulary; it is more cost-efficient because it limits the number of drugs that cover the same conditions.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

Q. Anthem’s initial filing suggested that its ACA formulary included 24,000 drugs. Please explain the difference.

A. The reference to 24,000 drugs was in error. As reported above, legacy members are currently subject to Anthem’s national formulary; its broadest formulary covering approximately 5,800 unique drugs. The transitioning members will be covered by the same formulary as all of our ACA plan members. The 150 non-formulary drugs reported in our initial filing was indeed accurate and reflects a comparatively small number of drugs that are not covered under the new formulary by a therapeutically-equivalent drug.

Q. How will a member obtain a non-formulary drug?

A. If a legacy member presents a prescription for a non-formulary drug, the pharmacist will advise that the drug is not covered and suggest that the member consult with the member’s physician. The member may contact the physician (typically this happens over the phone) and, if the member has been using the non-formulary drug for six months, the physician will fill out Anthem’s authorization form and the non-formulary drug will be covered automatically for one year. After a year passes, if the member is continuing to take the non-formulary drug, the member would follow the same process: asking the member’s physician to fill out the pre-authorization form and the drug will be approved for another year.

In most cases, reasonable (therapeutically equivalent) substitute medications used to treat the member’s condition(s) will be available in the new formulary and should be used by the member. In other cases, however, the circumstances may dictate that the member’s existing, non-formulary, medications should be covered even if they have not been taking the medication for the prior six months. For example, a member currently undergoing chemotherapy and a specific drug regimen will continue to be covered for those medications even if the medications are not included in the new formulary. In others, certain medications, while therapeutically equivalent from a pharmacological performance perspective, may not be tolerated by the individual and would prompt an exception to be made. Our team will use its professional judgment, in accordance with plan policies and procedures, in making these distinctions, with higher-level review/appeal opportunities available to the member should that be requested.

1 **Q. Do formularies change regularly?**

2 A. Yes, commercial carriers and Medicaid change formularies on a regular basis. This does
3 not diminish the significance to members of these changes; it simply reflects the fact that
4 coverage for medications changes routinely and insurer medical evaluation teams, like ours at
5 Anthem, are very experienced at evaluating when exceptions should be made and assisting with
6 transitions when exceptions are not warranted.

7

8 **Q. As a family medicine physician, do you have concerns about some number of**
9 **members – no matter how limited – having to change medications?**

10 A. As I stated earlier, formulary changes occur on a regular basis. As a family physician, I
11 regard the trust patients place in me to help their transition as a privilege, honor and a
12 responsibility of high importance. My experience working with the medical management team at
13 Anthem leads me to conclude that their mindset is similar when it comes to these sensitive
14 issues. I am confident that we at Anthem have the personnel, experience and procedures in place
15 to successfully work with any members affected by Anthem's ACA formulary.

16

17 **Q. Does this conclude your testimony?**

18 A. Yes.

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE

IN RE:)
)
)
ANTHEM BLUE CROSS AND BLUE)
SHIELD'S REQUEST TO)
DISCONTINUE AND REPLACE) CERTIFICATE OF SERVICE
LEGACY INDIVIDUAL HEALTH)
PLANS EFFECTIVE JANUARY 1, 2017)
)
)
Docket No. INS-15-802)

The undersigned counsel hereby certifies that on this date I caused to be mailed by electronic mail, copies of the Prefiled Testimony of Jeffrey Holmstrom on the persons and at the addresses indicated below.

Thomas C. Sturtevant, Jr., Assistant Attorney General OFFICE OF THE ATTORNEY GENERAL 6 State House Station Augusta, Maine 04333-0006 Thomas.C.Sturtevant@maine.gov [e-mail]	Christina Moylan Assistant Attorney General OFFICE OF THE ATTORNEY GENERAL 6 State House Station Augusta, Maine 04333-0006 Christina.Moylan@maine.gov [e-mail]
Elena Crowley Elena.I.Crowley@maine.gov [e-mail]	

DATED: March 21, 2016

/s/ Christopher T. Roach
Christopher T. Roach
Roach Hewitt Ruprecht Sanchez & Bischoff PC
66 Pearl Street, Suite 200
Portland, Maine 04101
Tel. (207) 747-4875

Attorney for Applicant