

September 24, 2020

The Honorable Curt VanderWall  
Chairman  
Health Policy and Human Services Committee  
The Michigan State Senate  
Room 1100, Binsfeld Office Building  
201 Townsend Street, Lansing, MI 48933

Dear Chairman VanderWall,

On behalf of The ERISA Industry Committee (ERIC), thank you for accepting comments from interested stakeholders as the Committee considers Senate Bill 612. ERIC is the only national association that advocates exclusively for large employers on health, retirement, and compensation public policies at the federal, state, and local levels. ERIC member companies are leaders in every sector of the economy and have a large number of employees and beneficiaries in the state of Michigan. We represent our member companies in their capacity as sponsors of employee benefit plans for their own workforce.

ERIC member companies offer comprehensive health benefits to employees, their families, and often retirees too. Employer health plans use medical management techniques like prior authorization and step therapy to protect patient safety, prevent unnecessary, inappropriate, and potentially harmful care, and to lower health care costs for all. For example, when individuals purchase expensive prescription drugs instead of more affordable alternatives that might be part of a step therapy regimen, costs increase for every single patient on the plan.

S.B. 612 allows the Michigan government to intervene in private contracts by mandating whether and how medical management techniques can be used. This is a direct overreach of government that would stifle competition in the free market. The legislation includes measures, such as requiring prior authorization denials to be given by board certified physicians who do not work for the plan sponsor, measures that are designed to simply make step therapy impossible. In addition, S.B. 612 unduly influences the execution of contracts that exist between private parties, in this case, employers and insurers. It is these private parties who should determine what medical management techniques are used, how best to serve patients, and how to keep costs under control. These determinations are not only outside the scope of government, but would be practically impossible for the government to administer.

This government interference in the design of health benefits serves only to further the interests of the health industry, at the expense of patients. Eliminating medical management leads to more sales of higher-cost branded medications, rather than most cost-effective alternatives like generic drugs, biosimilar medications, and non-medication therapies.

**Unfortunately, at this time ERIC and our large employer member companies cannot support passage of S.B. 612. We acknowledge that patient safety and access to care are issues that do need attention, but we still feel strongly that this legislation is deeply flawed.**

Overall, this bill provides a vehicle for the government to interfere in private contracts and in employers' benefits design decisions. It stifles competition within the health care marketplace, ultimately hurting patients, raising costs, reducing competition, and injecting more government into the private health insurance system.

Thank you for accepting our input on Senate Bill 612. ERIC is pleased to represent large employers with the goal of ensuring health benefits are accessible for millions of workers, retirees, and their families. If you have any questions concerning our written testimony, or if we can be of further assistance, please contact me at [jgelfand@ERIC.org](mailto:jgelfand@ERIC.org) or 202-789-1400

A handwritten signature in blue ink that reads "James P. Gelfand". The signature is written in a cursive, flowing style.