November 16, 2011

The Honorable Kathleen Sebelius
Secretary of Health and Human Services
200 Independence Avenue S.W.
Washington, DC 20201

Dear Secretary Sebelius:

As concerned representatives of patient organizations, healthcare providers and government leaders advocating fair access to lifesaving biotherapeutics for patients and their providers, we respectfully submit that specialty tiers not be included in the Exchanges. By their very nature specialty tiers jeopardize the fundamentals of essential benefits, negatively impacting patient adherence to important treatments and existing disease management programs. It is our view that special tier exclusion is critical for the following reasons:

Patients' Out-of-Pocket Exposure Will Not Be Affordable or Transparent With Specialty Tiers.

As ACA seeks to promote consumer understanding of insurance coverage and cost-sharing obligations, health plan formularies and out-of-pocket costs included in essential benefits must be clearly defined in order for patients, in cooperation with their physicians, to make effective choices.

- According to a study by NERA Economic Consulting, most Medicare Part D beneficiaries are unaware that the out-of-pocket costs they may face for medicines on specialty tiers can be much higher than the typical copayment costs. Additionally, many beneficiaries do not know that specialty tiers require coinsurance rather than copayments.

Specialty Tiers Do Not Promote Essential Benefits that Ensure Access to Affordable Quality Health Care, Improve Health Outcomes or Potentially Lower Health Care Expenditures.

Patient out-of-pocket costs – whether coinsurance or copayments – should be designed such that they fall within a limited and narrow range across the full array of disease categories.

Higher copayments and coinsurance increase patient out-of-pocket costs and can cause some patients to forego prescribed treatments, which is counter to the basic concept of insurance protection and the goals of the ACA.

- According to a 2007 study in the Journal of the American Medical Association (JAMA), for each 10 percent rise in patient cost-sharing, medicine use fell between 2 percent and 6 percent.

In summary, specialty tiers should be excluded in essential benefit plan design, as specialty tiers run counter to the ACA's goals and provisions, which promote consumer awareness, and require that benefits be of the same scope as the typical employer plan, transparent with regards to insurance coverage and cost-sharing obligations, and prohibitive of discrimination.

Thank you for your consideration of our views on this important matter.

Sincerely,

Abbie Cornett
Nebraska State Senator
President and Chair, Alliance for BioTherapeutics