



# Policy Position Paper

## Specialty Tiers/Coinsurance

### Issue

Coinsurance and Specialty Tiers are creating barriers in access to care and are a threat to all patients who rely on biotherapeutics and other lifesaving therapies. The Alliance for BioTherapeutics is at the forefront of the fight to bring patients’ voices to guide decision-making on these important issues.

### Coinsurance

If reasonable copayments are abandoned in favor of coinsurance payments, thousands of people will be unable to fill medically necessary prescriptions due to high cost. Failure to continue medically prescribed treatments can trigger a lapse in care and decrease overall patient health.

Payment Structure	Description
Copayment	The fixed amount a beneficiary must pay for a drug based on the drug’s placement on the health plan’s formulary
Coinsurance	The percentage of the manufacturer and health plan negotiated drug price a beneficiary is required to pay. That percentage can add up to thousands to tens-of-thousands of dollars every year.

### Legislative Overview

Currently, there is no federal legislation addressing coinsurance. The advancement of legislation relating to this issue has been limited to state-level initiatives with over twenty states introducing or passing laws to limit this practice. In many states, legislation has been limited to creating a committee to study the problem.

### Specialty Tiers

The prescription drugs listed on specialty tier policies most often affect rare, genetic and/or chronic diseases. There are no options available for patients to switch to generic drugs since most prescription medications on specialty tier lists are biologics and have no generic alternatives.

Tiers	Description of Drugs
Tier 1	Generics
Tier 2	Preferred brand-names
Tier 3	Brand-names with available alternatives, or not typically used as a first line of treatment
Tier 4	Brand-name specialties with no generic alternative
	Commonly includes drugs used to treat AIDS/HIV, multiple sclerosis, rheumatoid arthritis, osteoporosis, and other infusion based therapies such as immunoglobulins, immune suppressants, and antivirals
	More expensive than most medications

For patients, the short-term savings of depending on a less costly medication is offset by increases in physician and emergency room visits. Additionally, as more people are relying on disability and Medicaid, there are other long-term health consequences for patients, the healthcare system, and states.

Specialty Tiers create financial barriers that lead to otherwise healthy patients foregoing necessary medical treatments that can lead to avoidable medical complications, increased hospital stays, disability and even death.

### Legislative Overview

Recently, the first federal-level activity against specialty tiers has taken shape. *The Part D Beneficiary Appeals Fairness Act* is slated to be introduced by Representative Hank Johnson (D-GA). This legislation would amend the *Social Security Act* to allow Medicare Part D Prescription Drug Plan beneficiaries to request a tiering exception for any drug included in any tiered cost-sharing plan. The proposed legislation would also prohibit any Medicare Part D Prescription Drug Plan sponsor to make any element of the tiered-cost sharing structure ineligible for an exception.

Many state-level initiatives have been taken against Specialty Tiers. Over twenty states have taken action to increase affordable care to patients by prohibiting or hindering insurance companies from creating specialty tiers. A short description of this legislation as of June 2011 is attached.

### Example: West Virginia

The legislation, passed in May 2011, requires a study on the impacts of cost sharing, coinsurance, and specialty tier pricing for prescription medications, including (i) the impact of cost sharing, coinsurance, and specialty tier pricing on access to prescription medications for chronic health disorders and (ii) options for reducing any negative impacts of cost sharing, coinsurance, and specialty tier pricing. A report must be given to the Legislature on the first day of the regular session in 2012.

### Alliance Policy

The Alliance for BioTherapeutics aggressively educates the public and policymakers while supporting state and federal legislation to ban specialty tiers/coinsurance plans. Specialty tiers/coinsurance threatens access to care for patients in need of lifesaving and enhancing therapies. The Alliance is working with the United States Congress, Federal Agencies and within the states to eliminate specialty tiers and coinsurance policies. Eliminating specialty tiers will enhance the patient-provider relationship by ensuring access to proven, lifesaving and life-enhancing therapies while giving patients real choice in their healthcare.

STATE *As of June 2011	TYPE OF LEGISLATIVE ACTION	STATUS
California	Legislation was introduced and approved by the California Assembly Health Committee. The bill will be considered in the next legislative session.	Currently Active
Delaware	Legislation approved that requires a study on specialty tiers/coinsurance to determine the impact on access and patient care. The report to the General Assemble summarizing this impact is due by March 15, 2012."	SB 137 signed into law on September 14, 2011
Illinois	Resolution requesting the Department of Insurance to study the impacts of cost sharing, coinsurance, and specialty-tier pricing for prescription medications, determine their effects on access to medications, and identify ways to reduce any negative impacts of pricing.	HR 450 - Referred to the Rules Committee on June 22, 2011.
Indiana	Requires an interim study on "substitutions", which refers to the substitution of a drug, device, or therapy.	SB 178 - Passed
Louisiana	Legislation that prohibits insurance companies from increasing coinsurance payments during a contract year. Requires insurance companies to give 60 days notification if a plan changes.	HB 345 effective on January 1, 2012
Nebraska	The insurance companies are working with stakeholders to find a solution that will improve access to affordable care.	Currently Active
New York	Legislation that prohibits commercial health insurance plans from creating specialty tiers within their prescription drug formularies.	Effective October 31, 2010
Pennsylvania	It is the intent of the General Assembly that every insured have access to reasonable prescription drug benefits and that the creation of specialty tiers will prevent the achievement of that intent.	Referred to Committee on Insurance June, 6 2011. Effective in 60 days
Texas	<u>HB 1253</u> : Requires health plans to notify all enrollees of changes to prescription drug coverage no later than 60 days before a new contract goes into effect. <u>HB 1405</u> : Extends protections for enrollees in large employer plans, small business plans, and individual plans that prevent an insurance company from changing the cost of any prescription drug until the plan renewal date.	HB 1253 and HB 1405 effective September 1, 2011
Vermont	Senate Bill 104 creates a one-year moratorium on specialty tiers that prohibits any health insurer or pharmacy benefits manager from utilizing a cost-sharing structure for prescription drugs that imposes a greater co-pay, deductible, coinsurance, or other cost-sharing requirement on the consumer than is applied to non-preferred brand-name drugs.	Effective May 26, 2011 Sec. 1 – 3 effective July, 1 2011. Amendments effective Jan 1, 2012
Virginia	A resolution that requires a study on the impacts of cost sharing, coinsurance, and specialty tier pricing for prescription medications.	HR 579 - Passed
West Virginia	Resolution requires a study on the impacts of cost sharing, coinsurance, and specialty tier pricing for prescription medications, including (i) the impact of cost sharing, coinsurance, and specialty tier pricing on access to prescription medications for chronic health disorders and (ii) options for reducing any negative impacts of cost sharing, coinsurance, and specialty tier pricing. Report must be given to the Legislature on the first day of the regular session in 2012.	SR 71 - Study was introduced in March, 2011 and was approved in May 2011.

\*Legislation has been introduced in Alaska, Arizona, Connecticut, Hawaii, Maryland, New Mexico, and Washington State.

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