THE AIDS INSTITUTE

Keeping America Healthy: State Approaches to Cost Containment

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Priorities in Health Reform

- ACA has great benefits
- Ensuring it works for people with HIV, hepatitis and other chronic conditions
  - "I AM ESSENTIAL" coalition
- Concerns :
  - Limited Benefits (Rx and Providers)
  - Transparency
  - Excessive Utilization Management
  - Patient Cost-sharing

Patient Cost-Sharing

- High Deductibles
  - As high as annual out-of-pocket costs
- Co-insurance
  - 20%, 30%, 40%, 50% and higher
- Use of Specialty Tiers
- All Drugs to Treat a Condition on Highest Tier
  - Discrimination?

Florida HIV Discrimination Complaint

- Reviewed plans by 10 issuers in the State
- Most plans have a range of tiering and nominal cost-sharing for HIV drugs
- Four issuers placed every drug, including generics, on highest tier and had very large patient co-insurance (e.g. 40 or 50%)
- Appeared to be an effort to keep HIV patients from these plans
- Filed Discrimination Complaint with HHS Office for Civil Rights

Florida Response

- Florida Office of Insurance Regulation
  - Reached agreements with 4 issuers (2015)
    - 3 Plans limit co-pays of some HIV Rx to $200 and no prior authorizations or step therapy for all HIV Rx
    - Humana dropped co-insurance to no more than 10% for all HIV Rx
  - 2016 Plan Year
    - All plans must limit co-pays for HIV drugs ($40/$70/$150)
    - No co-insurance
    - Will continue in 2017
- But high co-insurance remains for other Rx's

Legislative State Responses

- Limit patient co-pays:
  - DE: $150 limit for Specialty Drug co-pays, prohibits all drugs in one class on Specialty tier
  - LA & MD: $150 co-pay limit
- Standard Benefit Option
  - CA: Limits co-pays depending on Tier and Metal level; $250 limit, except $500 in Bronze Plans
- NY: Prohibits Specialty Tiers (patient cost can't be more than non-preferred brand)

Other State Responses

- CO: Allows plans to use co-insurance but also must have plans that use co-pays; deductible does not apply to Rx, co-pays can be spread out over year

- MT: Each issuer must offer a plan with co-pays that are exempt from deductible; cost sharing in each plan must be graduated in all tiers

Federal Solutions

- CCIIO Proposed Standard Benefit Option
  - Voluntary, plans encouraged to offer & will highlight in 2017
  - Limits co-pays, at reasonable levels, depending on metal level and tier
  - Exempts Rx from deductible (except most Bronze tiers)
  - But, allows co-insurance 25-45% for Specialty Tier and all Bronze (except Generics)
- Families USA Milliman Study
  - *"New Health Plans Allow People to Visit Doctors and Fill Prescriptions without Paying a Deductible with Little Impact on Premiums"*

Federal Solutions

- Risk Adjustment:
  - Plans paid for carrying sicker patients
  - In 2014, CCIIO readjusted $4.6 billion among the plans
  - Currently only considers certain diagnoses
  - In 2018, will consider prescription drug usage
  - Should help better reward plans for sicker patients & hopefully reduce high patient cost-sharing
  - Expect Rulemaking later this year

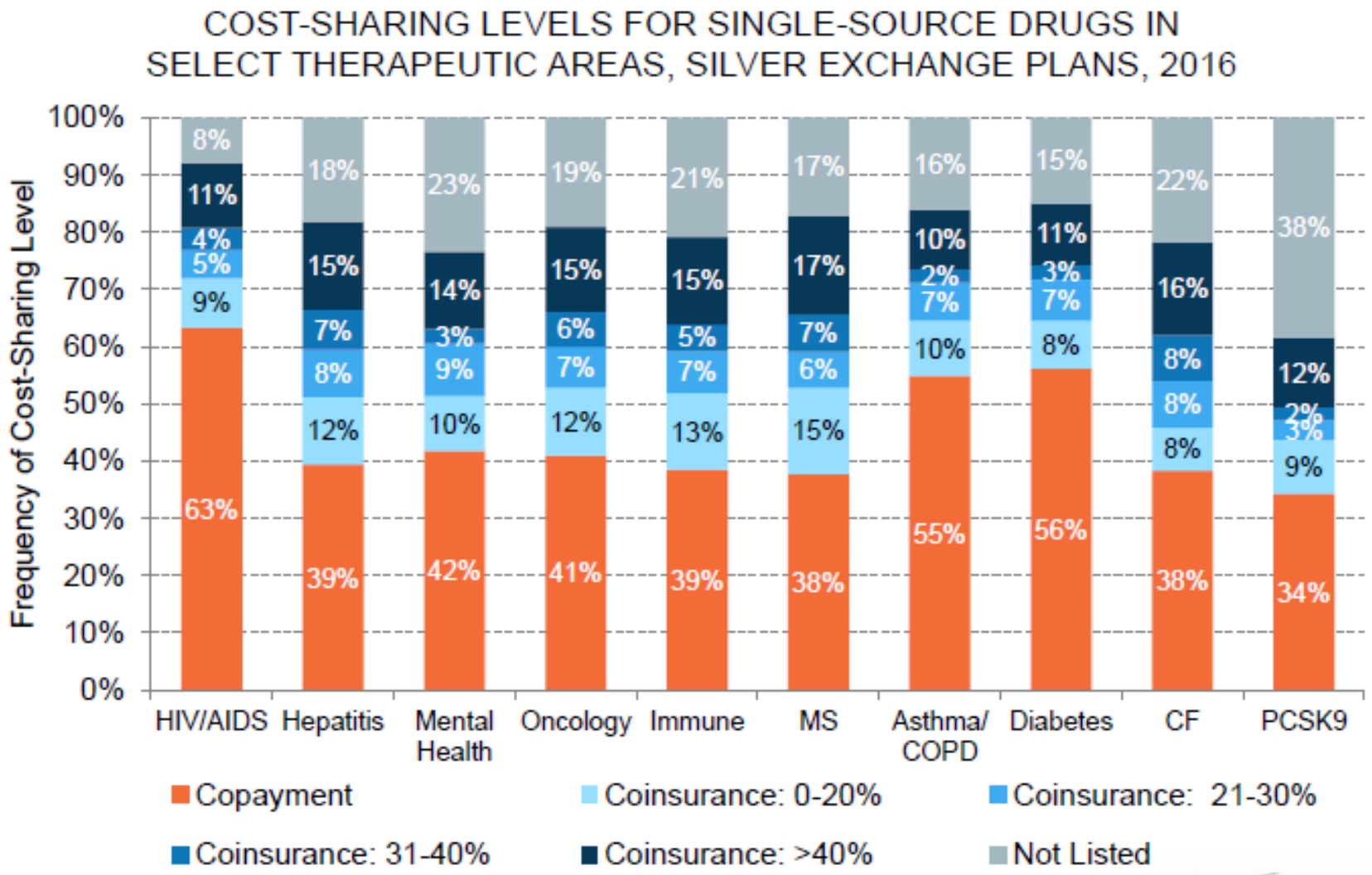
Discrimination in Plan Design

- CMS has stated:
  - *Placing most or all drugs that treat a specific condition on the highest cost formulary tier may be discriminatory.*
- Issued Section 1557 ACA Non-discrimination rules
  - Plan design can be discriminatory, cited examples in footnote
  - No decision on Florida HIV case, more to follow
- Turn to states to enforce
- Need Federal Enforcement, as well

State & Federal Review of Plans

- Annual Reviews Prior to Plan Certification
  - Highlights certain conditions
  - Formulary Adequacy
  - Excessive Utilization Management
  - Tier placement, Excessive Cost-sharing
  - Placing all Rx to treat a condition on highest tier
- Provides Tools/Templates to States
  - Florida modified to better determine discrimination
- CCIIO Grant Announcement
  - $22 million for State Insurance Regulators
  - Can review for potential discrimination in plan design

Exchange Plans Require Copays for Single-Source HIV, Asthma, and Diabetes Drugs More than Half of the Time

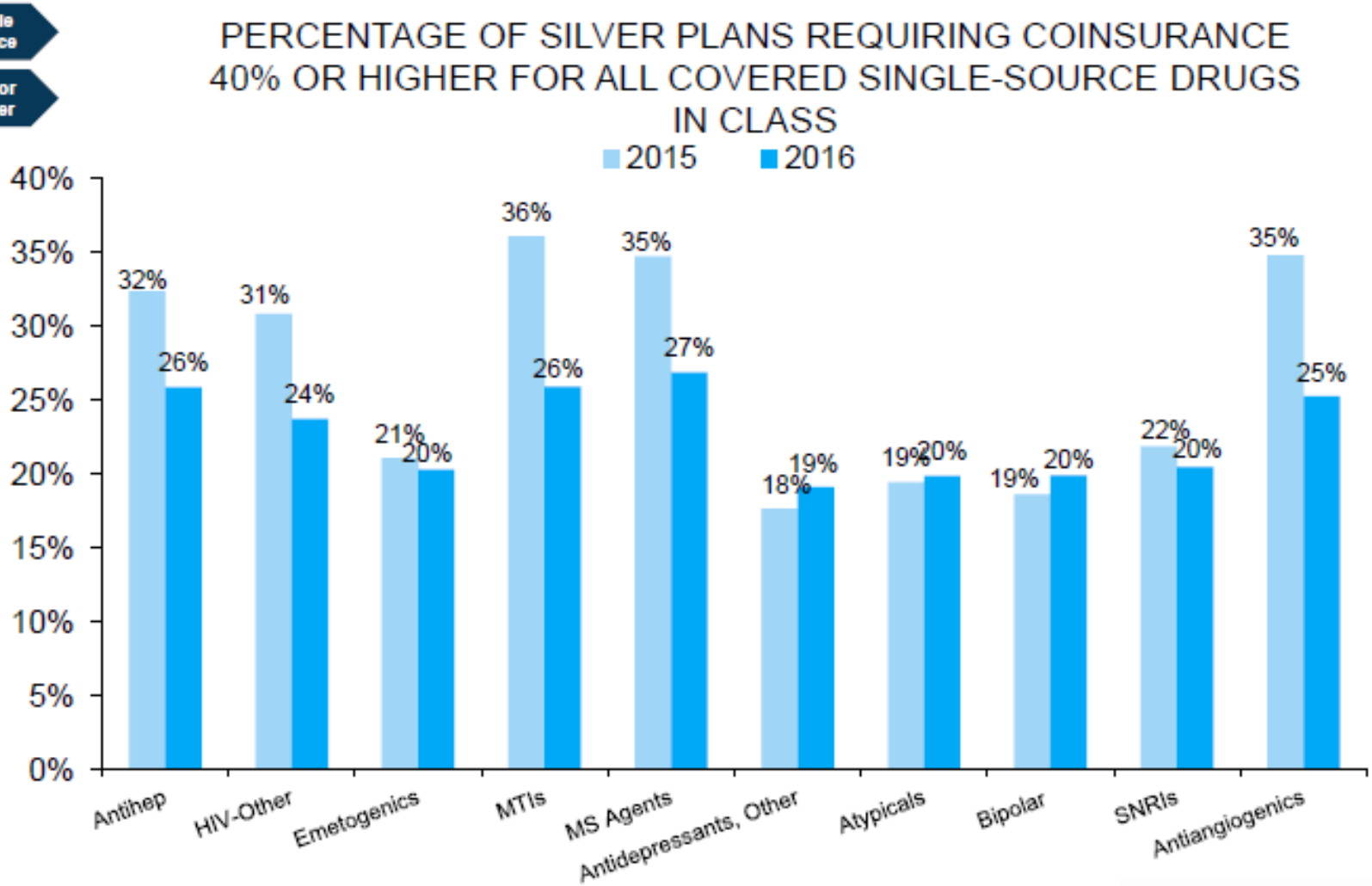


Note: Coverage is weighted according to unique plan-state combinations. Sample includes all silver plans offered in 50 states and the District of Columbia. Source: Avalere Health PlanScape®, a proprietary analysis of exchange plan features, April 2016. This analysis is based on data collected by Managed Markets Insight & Technology, LLC. Excludes instances where cost-sharing amount is unknown.

A Small Portion of Plans Still Require High Coinsurance for All Branded Drugs in a Class

Single Source

40% or Higher



Cystic Fibrosis products and PCSK9s were excluded because each group contains only two drugs. Other classes not appearing in this chart had rates below seven percent in 2016.
Note: Coverage is weighted according to unique plan-state combinations. . Sample includes all silver plans offered in 50 states and the District of Columbia. MMIT uses universal tier status rather than "raw" tier numbers to facilitate comparisons across plans and markets. Avalere uses universal tier status for tiering analyses and raw tier status for cost-sharing analyses.
Source: Avalere Health PlanScape®, a proprietary analysis of exchange plan features, April 2016. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.

NAIC Review of Model Drug Law

- National Association of Insurance Commissioners
- Updating Model Prescription Drug Management Law
- Subcommittee Currently Drafting
- Opportunities to Address Patient Cost-Sharing, Discrimination, other access issues
- Year-long process

Congressional Efforts

- Patients' Access to Treatments Act (HR 1600)
  - Bipartisan-Introduced by Reps. David McKinley R-WV) and Lois Capps (D-CA)
  - 97 co-sponsors
  - Plans can't charge more for Rx on Specialty Tier than Non-preferred tier
- Senate Bipartisan letter
  - Led by Sens. Chris Murphy (D-CT) and Shelly Moore Capito (R-WV)
  - Signed by 8 additional Senators

The Future?

- 2016 Elections
- Debate over the ACA
- Debate over Drug Pricing
- Important to Remember the Patient Voice

THANK YOU!

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