Policy Options for Limiting Patient Cost-Sharing for Prescription Drugs

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...Where Public Health is our primary focus.

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California Health Benefits Review Program (CHBRP)

- Legislatively established
- Analyze legislation per request of the assembly/senate health committees related to insurance benefits
- Staffed with central staff at UCOP; researchers at UCSD, UCLA, UCSF, and UC Davis; and actuarial firm (PWC)
- Funded through a health plan tax
- 60 day timeline
- Address Effectiveness, Cost, and Public Health Impacts

How Clinton Hopes to Make American Drug Prices Sane Again

After a week of denouncing unaffordable medications, she laid out her plan to cap their costs to patients.

Objective

Present results from 4 CHBRP analyses of policy options to reduce patient cost-sharing in California:

- AB 310 (2011)
- AB 1800 (2012)
- AB 1917 (2014)
- AB 339 (2015)

Methods

- CHBRP analyzed 4 bills during 2011-2015 related to patient OOP for drugs
- CHBRP conducted surveys of California health insurers to determine the current levels of coverage and cost-sharing for each analysis.
- Actuarial firm used claims database to estimate utilization
- Population Studied: 11.1 -21.7 million individuals with insurance in California subject to state regulation.

Policy Options

1. Prohibiting coinsurance cost-sharing for outpatient prescription drug benefits,
2. Limiting copayments to a specified dollar amount for a specified supply of medication,
3. Requiring drug benefit cost sharing to be included in the annual out-of-pocket maximum,
4. Prohibiting separate deductible for prescription drugs,
5. Prohibiting placing all or most of the medications used to treat a certain condition in the highest cost-sharing tier, and
6. Regulating the determination of placing drugs in the specialty tier.

Assembly Bill 310 (2011)

Content

- Prohibits coinsurance for prescription drugs,
- Limits copayments to $150 per one month supply;
- Drug cost sharing must be included in OOP max (no limit specified)
- Applies to 21.7 million Californians

Results

- Baseline 67% of enrollees have non-compliant coverage
- Reduction in average cost of Rx from $271 to $150
- Increase in drug utilization of 4.0%
- $189 million decrease in enrollee OOP costs
- No impact based on OOP max provision

Assembly Bill 1800 (2012)

Content

- Drug cost sharing must be included in OOP max
  Set OOP Max at $6,050/$12,500
- Prohibit separate deductible for prescription drugs
- Applies to 21.7 million Californians

Results

- Baseline 64% of enrollees have non-compliant coverage
- $276 million decrease in enrollee OOP costs
- Average decrease in cost sharing of $213
- Decrease driven by cap on OOP Max

Assembly Bill 1917 (2014)

Content

- $265 Cap on cost-sharing per 30-day prescription (1/24 of annual OOP limit)
- Applies to 11.7 million Californians
  - Excludes Medical MCOs and CalPers

Results

- $22 million decrease in enrollee OOP costs
- Reduction in average cost of Rx from $325 to $189
- 3% Increase in drug utilization

Assembly Bill 339 (2015)

Content (As Introduced)

- Cost sharing for prescription drugs needs to be reasonable
- Must cover single tablet multi-drug regimens unless it is proven to be more effective if taken individually
- Must cover extended release drugs unless the non extended release equivalent is proven to be more effective
- Drugs to treat a specific condition may not be placed in the highest cost tier
- Department of Managed Health Care to define ”specialty” drugs

Assembly Bill 339 (2015)

Content (As Amended)

- Added $265 Cap on cost-sharing per 30-day prescription (1/24 of annual OOP limit)
- Applies to 21.7 million Californians

Results

- Baseline 12% of enrollees have non-compliant coverage
- $65 million decrease in enrollee OOP costs
- No change modeled based on “reasonable” clause

Assembly Bill 339 (2015)

Content (As Passed)

- Drug formulary may not discriminate against or discourage enrollment of people with specific conditions;
- Must cover single tablet combo drugs for HIV/AIDS,
- $250 Cap on cost-sharing per 30-day prescription ($500 for bronze plans)

Results

- TBD

Implications

As of January 1, 2016, there were 12 states who had enacted legislation to limit cost-sharing for prescription drugs.

Thank You!

For more information on the California Health Benefits Review Program see

www.chbrp.org