



Testimony in Support of
Senate Bill 22: An Act Concerning Cost-Sharing for Prescription Drugs
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Universal Health Care Foundation of Connecticut supports capping monthly cost-sharing for prescription drugs for consumers, as proposed in SB 22. We also support the proposal in the bill to keep all prescription drugs in a given class from being placed in the highest cost-sharing tier of a health plan's prescription drug formulary. We offer these comments to highlight certain considerations that the General Assembly may wish to take into account while crafting this important piece of legislation.

People Cannot Afford Their Prescriptions

Prescription drug costs are rising at an unsustainable rate, and the public knows it. Here is just one example, as reported in the New York Times in September, "The average annual cost for multiple sclerosis (MS) medications is \$78,000 today, nearly 400 percent higher than the \$16,000 average in 2004." ⁱ

Consumers live in fear of high and rising prescription drug costs. In a recent Kaiser Family Foundation poll, 63% listed as a top priority, "Government action to lower prescription drug prices." ⁱⁱ

Still, the actual cost of medications is often unknown to the patients taking that medication. So, what is happening to make the public so concerned about medication costs? The answer is that the cost of medication is being shifted onto individuals at an alarming rate. Ever-increasing deductibles, co-pays and co-insurance mean that even those with health insurance may be unable to pay for their prescriptions.

In fact, the same Kaiser poll reported that 74% say a top priority is "Making sure that high-cost drugs for chronic conditions are affordable to those who need them."

The Danger Posed by High Deductible Health Plans

Consumers Union has studied the impact of high deductible health plans. They cite research that shows that these plans certainly have an impact in lowering utilization of services. But the problem is that people reduce both low value and high value services. ⁱⁱⁱ A person with diabetes must be able to afford her diabetes medication or a person with Multiple Sclerosis must be able to afford the medication that helps to prevent relapses. Otherwise, down the road, they will become sicker, their quality of life will be far less than it could have been had they been taking their medication as prescribed, and their care is likely to be much more costly to the health care system.

Solutions to Unaffordable Prescription Drug Costs

Much needs to be done to bring the price of medication under control. These efforts include making medication prices and the costs of prescription drug development and marketing more transparent and

ensuring that outrageous price increases are investigated and stopped. Passing and implementing legislation along these lines is likely to take time.

Meanwhile, people need help affording their medications now. That is where changes to health insurance benefit design can play an important role.

Affordability Protections Through Benefit Design

Access Health CT has taken an innovative approach to prescription drug affordability through some of their standard plan designs^{iv}. For example, the silver plan medical deductible is high, \$4,000 per member, but the design includes a separate and much lower deductible for prescriptions: \$150.

Another approach can be seen in the State Employee Health Plan's Health Enhancement Program (HEP)^v which lowers deductibles for employees who participate in the program and reduces prescription drug co-pays for employees with certain chronic conditions like diabetes, high cholesterol, high blood pressure or asthma. The goal of the HEP is help employees stay healthier, as well as to save money for the State long term.

The HEP is a form of Value-Based Insurance Design (VBID), a concept that is also being promoted by Comptroller Kevin Lembo in his five-point plan to address skyrocketing pharmaceutical costs for all Connecticut residents.^{vi} The Comptroller explains that, "Value-based insurance for prescription drugs generally encourage medication adherence by reducing or eliminating co-payments and deductibles for drugs that help control chronic conditions. Better managed chronic diseases reduce in-patient hospital stays and emergency room visits by individuals with chronic diseases." Comptroller Lembo also proposes several other affordability protections in his five-point plan, including allowing people to pay the negotiated price, rather than the list price, when they are subject to their plan's deductible or co-insurance.

V-BID is also supported by Connecticut's State Innovation Model (SIM) grant.^{vii} SIM's Value-Based Insurance Design Consortium, developed manuals for both self-insured and fully insured employers to help those employers pursue VBID designs in the coverage options they offer to their employees. This is how the Consortium defines the goal of V-BID: "The aim of V-BID is to increase healthcare quality and use healthcare dollars more effectively by implementing differential cost sharing for consumers to promote use of high value services and providers, and decrease use of low value services."

Limiting Monthly Out-Of-Pocket Prescription Payments

SB 22 proposes yet another insurance benefit design approach to assisting consumers with prescription drug affordability. By proposing to cap monthly out-of-pocket costs per prescription, SB 22 offers some measure of relief immediately to people with chronic conditions who can't afford their life-saving prescriptions.

What's more, SB 22 has the potential to do that without raising their premiums, and at no greater cost to the entire system. That is because the Affordable Care Act requires individual and group insurance plans to have out-of-pocket maximums. What SB 22 does is protect patients from coming up with the entire cost of their expensive medication in the early months of the plan year. For example, if a patient faces an out-of-pocket maximum of \$7,150 per year, and the cost of one of their prescriptions is \$6,800 per month, they must come up with the entire cost in the first month of their new plan. If SB 22 is enacted, those out-of-pocket costs for prescriptions drugs can be spread more evenly throughout the year.

The key to this “win-win” approach is to find the right place to set the monthly per-prescription cap. Connecticut may wish to look to California, where a similar bill was passed in 2015 and has now been implemented, AB 339^{viii}. In that bill, after conducting actuarial analyses aimed to set a monthly limit that did not increase premiums,^{ix} the California legislation set the out-of-pocket maximum at \$250 for most plans, and at \$500 for plans with very high deductibles—those equivalent to a bronze level plan in Access Health CT. These limits will sunset in 2020, allowing a new actuarial analysis to determine if the caps should be adjusted.

Obviously, California ended up with higher caps than are proposed in the current version of SB 22. But there is something to be said for trying to set a limit that is higher and protects individuals and employers from premium increases, too.

Prescription Drug Tiering Protections

The other proposal in SB 22 focuses on ensuring that drugs for a certain condition or disease are not all placed on the highest-cost tier of a drug formulary. This provision would protect insurance customers with a chronic condition from discrimination based on that condition.

Conclusion

We need to protect people’s health by ensuring they can afford the prescriptions they need. Solutions that address the larger issue of high and increasing prescription drug prices are certainly necessary. But innovative benefit designs that protect consumers from high cost-sharing are also critical.

There is no one easy solution for making health care more affordable. There are many players, many stakeholders, and many factors affecting our health. Affordable health care requires a coordinated approach with interconnected measures. SB 22 is one such measure.

We have to remember that health care affordability isn’t just about lowering costs in the larger system – it’s also about consumers getting the high-quality health care they need, at a price they can afford.

Universal Health Care Foundation of Connecticut’s mission is to serve as a catalyst that engages residents and communities in shaping a democratic health system that provides universal access to quality, affordable health care and promotes health in Connecticut. We believe that health care is a fundamental right and that our work is part of a broader movement for social and economic justice.

ⁱ [“Furor Over Drug Prices Puts Patient Advocacy Groups in Bind,”](#) New York Times, September 27, 2016.

ⁱⁱ October 2016 [Kaiser Tracking Poll](#) on health care priorities

ⁱⁱⁱ [High-Deductible Health Plans—A Strategy Not Appropriate for Many Consumers](#), Consumers Union Health Care Value Hub Research Brief No. 3, March 2015

^{iv} [Access Health CT 2017 Plan Designs](#)

^v Office of the State Comptroller, Connecticut State Employee [Health Enhancement Program](#)

^{vi} Comptroller Lembo announces five-point plan to address skyrocketing pharmaceutical costs, [press release](#), January 24, 2017

^{vii} Connecticut State Innovation Model, [Value Based Insurance Design Consortium](#)

^{viii} California’s bill, [AB 339](#), on protecting consumers from high out-of-pocket prescription drug costs

^{ix} One example of an actuarial analysis conducted on an earlier version of AB 339 can be found [here](#)