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**New Report: Many Exchange Plans Burden the Most Vulnerable Patients with High Out-of-Pocket Costs for Vital Medicines**  
*Patients left with limited access*

**WASHINGTON, D.C. (June 11, 2014)** — A new report demonstrates that the majority of plans in the Health Insurance Exchanges are placing a significant out-of-pocket burden on patients with serious illnesses by requiring particularly high cost-sharing for all medicines used to treat certain conditions. This analysis by Avalere Health finds that the vast majority of plans in the Health Insurance Exchanges require relatively high cost sharing for all medicines in at least one class. This cost burden leaves many patients with nowhere to turn and can negatively affect patients' health, and even their lives, by limiting access to needed care.

The report, commissioned by the Pharmaceutical Research and Manufacturers of America (PhRMA), is based on Avalere analysis of 123 Exchange plan formularies, including plans in all states. Avalere analyzed cost-sharing and formulary tier placement for all brand and generic drugs within 19 prescription drug classes. Patients' cost-sharing for prescription drugs typically comes in the form of a copay, which is a fixed-dollar amount, or coinsurance, calculated as a percentage of the total cost of the drug. Health plans also place covered medicines in tiers – typically there are 4 or 5 tiers – with the lowest tier requiring a low copay (\$15 for example) and the highest tiers often requiring a coinsurance of 40 percent or more.

The Avalere findings reveal that in seven of 19 classes of medicines for serious illnesses, such as cancer, HIV/AIDS, autoimmune diseases such as rheumatoid arthritis and multiple sclerosis, and bipolar disorder, more than 20 percent of Silver plans require coinsurance of 40 percent or more for all drugs in those classes. Similarly, in 10 of the 19 selected classes, at least 20 percent of Silver plans require coinsurance of 30 percent or greater for drugs in the classes.

The study also finds that more than 60 percent of Silver plans place all covered medications for multiple sclerosis, rheumatoid arthritis, Crohn's disease and certain cancers in the plan's highest formulary tier. For HIV/AIDS therapies, about 25 percent to 35 percent of plans place all covered medications on the highest tier.

“The Exchanges were meant to provide patients access to the medicines they need, especially for the sickest among us. Yet this report paints a very different picture, one in which many Americans still find themselves unable to access the care they desperately need due to high out of pocket costs,” said John J. Castellani, President and CEO of PhRMA.

“We want the Affordable Care Act (ACA) to work, including for people living with HIV/AIDS,” said Carl Schmid, Deputy Executive Director, The AIDS Institute. “Shifting the cost of medications to patients, by some plans, is not only blatant discrimination, but it can lead to

poorer health outcomes since beneficiaries will not be able to afford and access their life-saving medications.”

“Putting treatments out of reach of autoimmune patients with life-changing and life-threatening diseases makes no sense,” said Virginia Ladd, President and Executive Director, American Autoimmune Related Diseases Association. “This approach not only results in poorer outcomes, but eventually causes a significantly higher price tag for medical costs due to preventable disability and the loss of quality of life for the patients.”

Eric Hargis, Colon Cancer Alliance CEO, stated, “Colorectal cancer is the second leading cause of cancer deaths in America; however, thanks to the development of personalized therapies and other innovative treatments the prognosis for colorectal cancer patients is the best it has ever been and today there are more than one million survivors in the United States. It is a matter of life and death that patients receive the right treatment at the right time. A medical assessment of efficacy and side effects should determine what treatments patients receive rather than cost or tiered access considerations.”

Previous studies have found that higher out-of-pocket costs reduce patients’ likelihood to take prescription medicines to manage chronic conditions. Improving patient adherence to medicines offers one of the best opportunities to improve health outcomes and generate cost-savings in our healthcare system. Relatedly, the Congressional Budget Office has recognized that medicines can help offset other healthcare spending and has updated its estimating methodology accordingly.

"A key component of the 'patient protection' offered in the ACA is access to not just affordable overall insurance, but specifically to affordable prescription drugs. This is most critical for people living with HIV/AIDS, as the ability to access life-saving medications is essential," said HealthHIV Executive Director Brian Hujdich. “The Avalere study reveals that high out-of-pocket costs are concentrated among the most vulnerable patients. By placing HIV medications on the top formulary tiers, the plans are restricting access to life-saving treatment, directly countering the intent of meaningful health reform and placing patients at significant risk."

Marcia Boyle, President and Founder, Immune Deficiency Foundation, stated, “It looks as if some insurance companies have found yet another way of penalizing the sickest among us. One of the promises of the ACA was that an illness wouldn't force people into bankruptcy. The growing trend of prescription coinsurance will gut that promise unless something is done to stop it."

The full report is available [here](#).

## **Methodology**

The Avalere analysis focuses on 123 formularies from plans representing most major insurers. The analysis includes formularies from plans offered in a zip code in the largest city(s) in every state. The formularies include low-cost Silver and Bronze plan options, and low-cost strategic players like Medicaid managed-care plans. Additional formularies in states with a high number

of Silver plan options and very high enrollment are also included. Most carriers use similar formularies across metal tiers and network type within a given state.

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### **About Avalere Health**

Avalere Health is a strategic advisory services firm whose data, analysis and insights help clients across the healthcare industry drive better decisions.

### **About The AIDS Institute**

The AIDS Institute is a national nonprofit organization that promotes action for social change through public policy research, advocacy and education. *For more information and to become involved, visit [www.TheAIDSInstitute.org](http://www.TheAIDSInstitute.org) or write to us at [Info@theaidsinstitute.org](mailto:Info@theaidsinstitute.org), and follow The AIDS Institute on Twitter @AIDSAdvocacy and Facebook at [facebook.com/The-AIDS-Institute](https://facebook.com/The-AIDS-Institute).*

### **About American Autoimmune Related Diseases Association**

The American Autoimmune Related Diseases Association (AARDA) is dedicated to the eradication of autoimmune diseases and the alleviation of suffering and the socioeconomic impact of autoimmunity through fostering and facilitating collaboration in the areas of education, public awareness, research, and patient services in an effective, ethical and efficient manner. AARDA is the only national nonprofit health agency dedicated to bringing a national focus to autoimmunity, the major cause of serious chronic diseases. Approximately 50 million Americans, 20 percent of the population or one in five people, suffer from autoimmune diseases.

### **About Colon Cancer Alliance**

The Colon Cancer Alliance's mission is to knock colon cancer out of the top three cancer killers. This mission is being accomplished by championing prevention, funding cutting-edge research and providing the highest quality patient support services. Learn more at [ccalliance.org](http://ccalliance.org).

### **About HealthHIV**

HealthHIV ([www.healthhiv.org](http://www.healthhiv.org)) is a national non-profit working with organizations, communities, and healthcare providers to advance effective prevention, care, and support for people living with, or at risk for, HIV through education and training, technical assistance and capacity building, advocacy, and health services research and evaluation. HealthHIV leads the Positively Healthy national HIV consumer coalition, the HealthHCV initiative, and the National Center for Healthcare Capacity Building, as well as the National Coalition for LGBT Health.

### **About The Immune Deficiency Foundation**

The Immune Deficiency Foundation (IDF), founded in 1980, is the national patient organization dedicated to improving the diagnosis, treatment and quality of life of persons with primary immunodeficiency diseases through advocacy, education and research. To learn more about IDF programs, services and educational materials, visit [www.primaryimmune.org](http://www.primaryimmune.org).

**About PhRMA**

The Pharmaceutical Research and Manufacturers of America (PhRMA) represents the country's leading innovative biopharmaceutical research and biotechnology companies, which are devoted to discovering and developing medicines that enable patients to live longer, healthier, and more productive lives. Since 2000, PhRMA member companies have invested more than \$550 billion in the search for new treatments and cures, including an estimated \$51.1 billion in 2013 alone.

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