



Avalere Analysis: Consumers Likely Face High Out-of-Pocket Costs for Specialty Drugs in Exchange Plans

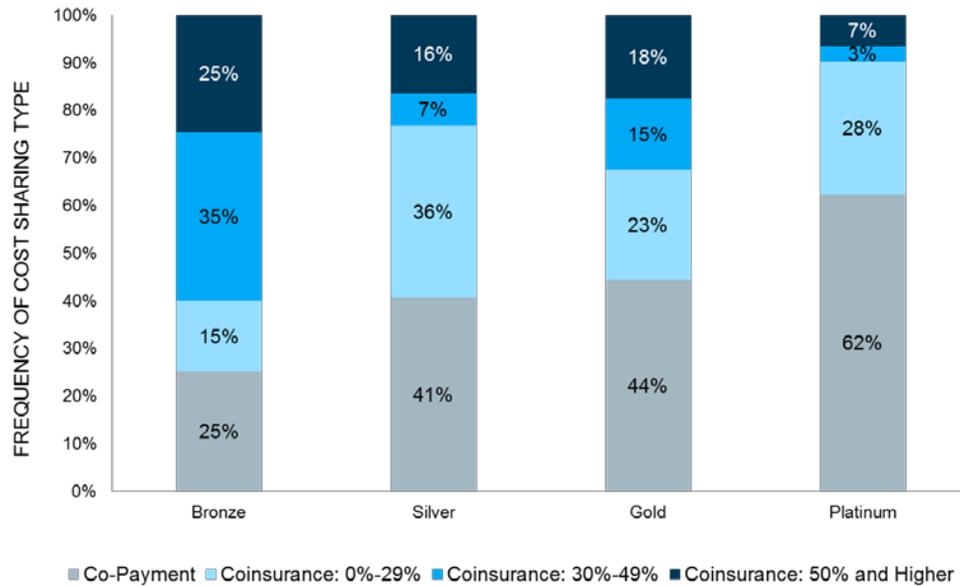
In most exchange plans, consumers will face coinsurance rather than fixed-dollar copayments for many specialty medications used to treat rare and complex diseases, according to a new Avalere Health analysis.¹ Some plans require enrollees to pay 50 percent of the specialty drug's cost. If exchange plans use coinsurance for specialty medications, patients may incur several thousands of dollars of cost-sharing for high-cost drugs before reaching the out-of-pocket maximum.

“This latest analysis further underscores that exchange enrollees could face high out-of-pocket costs, particularly for specialty medications,” said Caroline Pearson, Vice President at Avalere. “High prevalence of coinsurance can also make costs unpredictable for patients who struggle to translate cost-sharing percentages into actual dollars.”

Specifically, 59 percent of Silver plans on exchanges across the nation use coinsurance for consumer cost-sharing on the specialty tier. Among Silver plans, the Avalere analysis also found that 23 percent of plans have coinsurance rates of 30 percent or more on the highest formulary tier. Sixty percent of lower-premium Bronze plans apply specialty tier coinsurance greater than 30 percent of the drug price. By contrast, only 38 percent of Platinum plans require coinsurance.

¹ This analysis specifically focuses on drugs dispensed through the pharmacy-benefit, which includes self-administered products. Many specialty drugs must be physician-administered and will be covered under the medical benefit, which will have separate cost-sharing requirements from the coinsurance rates described here.

Figure 1: Plan Cost Sharing for Specialty Tier in Exchange Plan Formularies



Source: Avalere PlanScape analysis of 603 plan designs in 19 states, updated November 1, 2013

“Health plans operating in the exchanges are imposing significant cost-sharing to meet actuarial values set forth in the law and limit premium costs. However, these formulary designs often result in high costs for patients and could impact medication adherence,” said Dan Mendelson, President and CEO at Avalere Health.

Methodology

Avalere Planscape examined 603 different plan designs across metal levels offered by 60 different carriers in 19 states, both FFMs and state-based exchanges (SBEs). The distribution of metal level and plan type of the plans included is similar to the distribution of plans offered on the FFM. High deductible plans are not included in this analysis.