

Specialty Tiered Pricing Keeps Innovative Treatments for Seriously Ill Patients Out of Reach

Under many health insurance plans, patients with serious chronic illnesses like cancer, multiple sclerosis, rheumatoid arthritis, blood diseases, hepatitis C, and Crohn’s disease generally pay higher prescription costs because their medication is often placed on a “specialty drug” prescription tier.

What are specialty tiers?

Specialty tier pricing, a practice that is on the rise, allows health plans to impose high co-insurance costs for expensive medications in lieu of a basic co-payment, resulting in higher out-of-pocket spending for chronically ill patients who are often taking multiple drugs to treat their condition.

Standard prescription tiers, which include generics, have fixed co-payments. Specialty tiers, which include more complex treatments, like biologics, require beneficiaries to pay a percentage of the actual drug price or co-insurance. For patients with chronic conditions and severe illnesses who have affordable co-pays under standard-tier prescriptions, the switch to specialty tiered pricing can drive the price of their medications to thousands of dollars a month.

Specialty Tiers Can Lead to Decreased Treatment Adherence and Increased Costs to the Health Care System

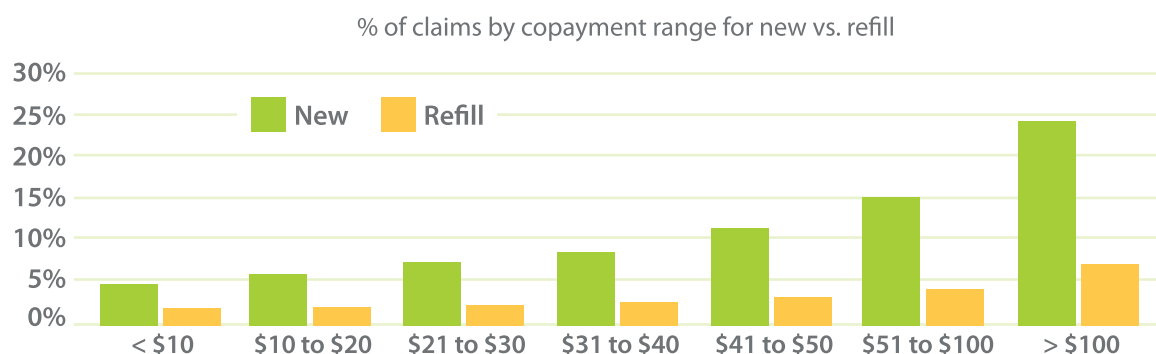
As illustrated in the graph below, when patients cannot afford their prescriptions, they often abandon their medications, resulting in more serious health complications and increasing costs to the health care system through more doctor and emergency room visits and hospitalizations.¹

Placing treatments on specialty tier pricing undermines the basic premise of health insurance, which is to spread and share health care costs.

Specialty tiers pass the financial burden of health care on to the most vulnerable patients while healthy members pay less. This practice invalidates the reason why people purchase insurance in the first place – to be protected from financial hardship if they become ill.

Due to their treatments being placed on a specialty tier too many patients who are already paying for their insurance coverage are being forced to choose between paying for their life-saving medications and providing for everyday basic necessities. Specialty drugs need to be more readily available by removing these kinds of cost barriers so that patients who depend on these treatments have access to them.

Abandoned Prescriptions Increase As Co-payment Increases, Especially For New Claims



New and refill commercial claims only, days supply ≤30, branded products only, 2009 | Source: Walters Kluwer Pharma Solutions, <http://www.walterskluwer.com> April 2009

¹“Medication Adherence Leads to Lower Health Care Use and Costs Despite Increased Drug Spending.” Health Affairs. January, 2011.