

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

Under many health insurance plans, patients with serious chronic illnesses such as cancer, multiple sclerosis, rheumatoid arthritis, blood disorders, hepatitis C and Crohn's disease generally pay higher prescription costs because their medications are often placed on "specialty drug" prescription tiers.

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

WHAT ARE SPECIALTY TIERS?

The rising practice of **specialty-tier pricing** 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 often take multiple drugs to treat their condition.

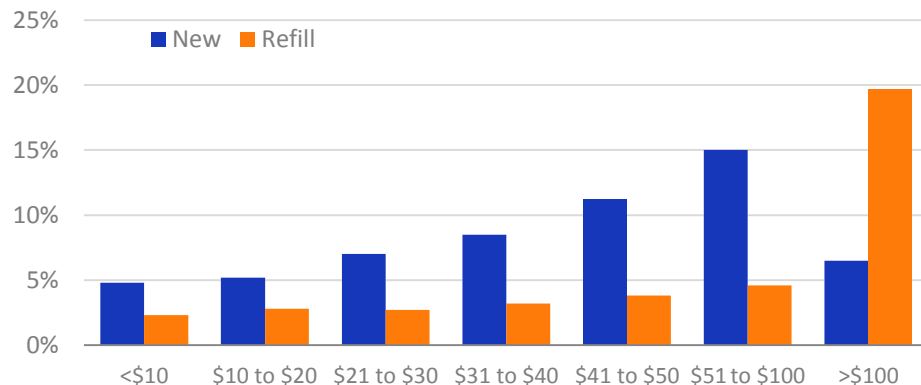
Standard prescription tiers, which include generics, have fixed co-payments. Specialty tiers, which include more complex treatments, including biologics, require beneficiaries to pay a percentage of the full drug price or a co-insurance. For patients with chronic conditions and severe illnesses who have 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 pass the financial burden of healthcare onto 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 specialty tiers, too many patients who are already paying for their insurance coverage are being forced to choose between their life-saving medications and everyday basic necessities. Specialty medications 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

% of claims by co-payment range for new vs. refill



New and refill commercial claims only, days supply ≤30 branded products only²

Sources
¹"Medication Adherence Leads to Lower Health Care Use and Costs Despite Increased Drug Spending." Health Affairs. January, 2011.
²Walters Kluwer Pharma Solutions, walterskluwer.com. April 2009.