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.

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

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

Sources