

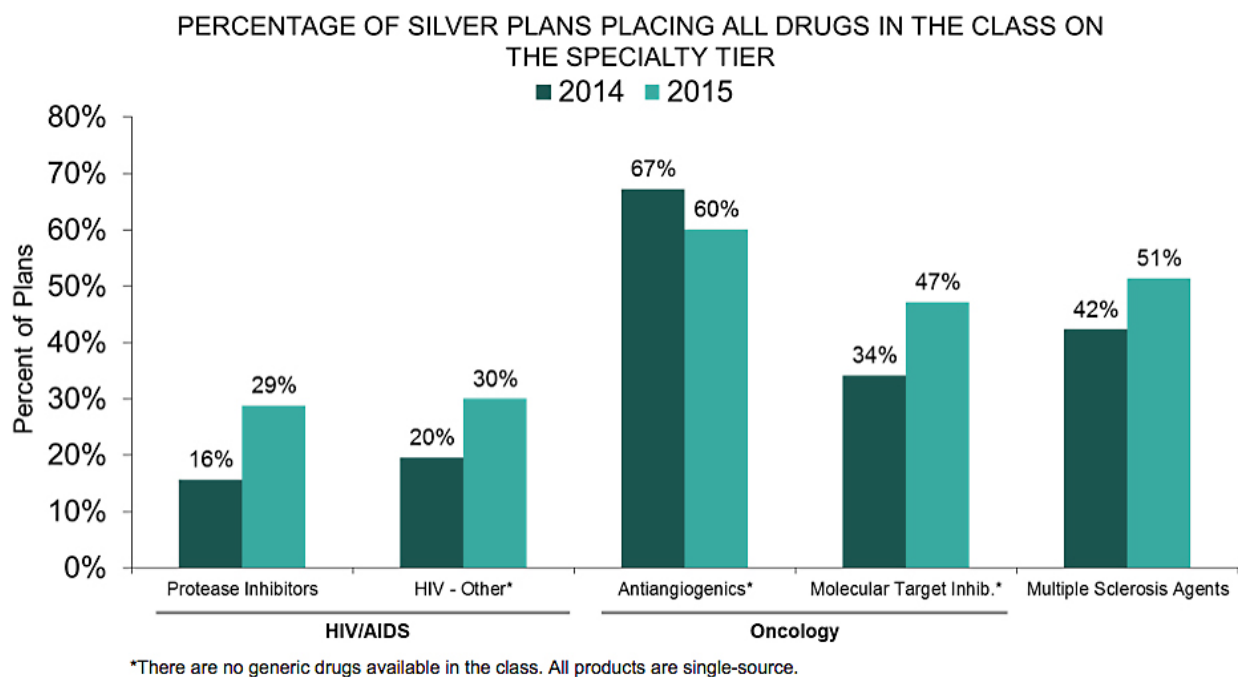


Exchange Benefit Designs Increasingly Place All Medications for Some Conditions on Specialty Drug Tier

New analysis from Avalere Health finds that some exchange plans place all drugs used to treat complex diseases – such as HIV, cancer, and multiple sclerosis – on the highest drug formulary cost-sharing tier.

“Plans continue to innovate on benefit design in the exchange markets,” said Dan Mendelson, CEO of Avalere. “These designs are calibrated to optimize enrollment by delivering low and stable premiums – the primary metric that consumers use to select a plan.”

Specifically, in five of the 20 classes of drugs analyzed, plans placed all drugs in a class on the specialty tier. Specifically, in the Protease Inhibitor and Multiple Sclerosis Agents classes, 29 and 51 percent of plans respectively place all drugs, including available generics, on the highest tier. There are no generics in the other three classes of drugs listed below.



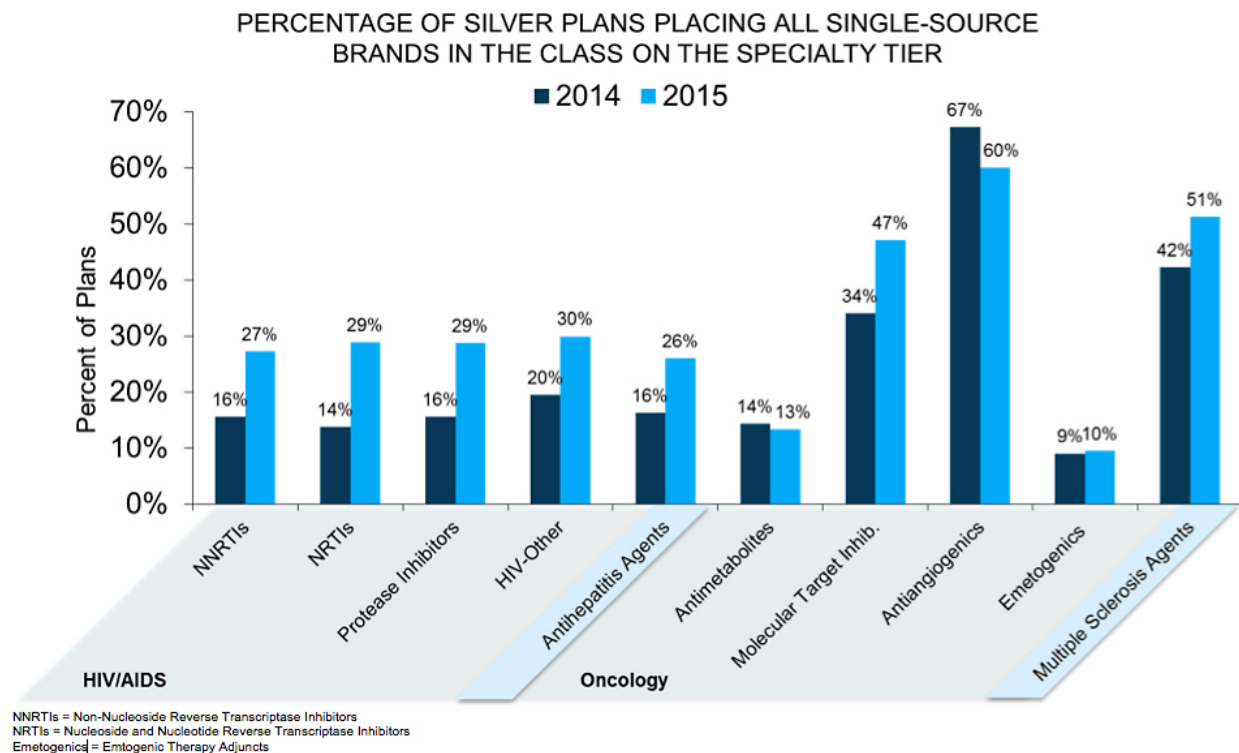
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Moreover, a subset of plans in each of 10 drug classes¹ placed all single-source branded drugs in a class on a specialty tier. Specifically, in 8 of the 10 classes, 2015 exchange plans were

¹ Avalere analyzed 20 classes, including a mix of specialty and primary care drugs. Of those 20 classes, a subset of plans in 10 classes placed all drugs on the specialty tier.

more likely than 2014 plans to assign all single-source branded drugs to the highest cost sharing tier. A single-source branded medication is a brand name drug without a generic equivalent.

The practice was most common for some cancer drugs and drugs used to treat multiple sclerosis. Roughly 30 percent of plans also place all single-source drugs for HIV/AIDS on the specialty tier.



Seven of the 10 classes listed above include at least one lower cost generic product, which could be a lower cost alternative for some consumers.²

“Enrolling in a plan that places all medications for a particular disease on the specialty tier can mean significant out-of-pocket costs for consumers, particularly if they do not qualify for cost sharing reductions,” said Caroline Pearson, Vice President at Avalere. “Plans that place some drugs in a class on lower tiers may allow consumers to find lower cost alternatives.”

Avalere noted that the total cost impact to a customer will vary based on a variety of factors, including subsidies, out-of-pocket limits, and overall plan benefit design. In 2015, more than 8 in 10 individuals who selected a plan in the exchange received a premium tax credit, which lowers their monthly premium cost by an average of 72 percent.³

² There are no generics in the HIV-Other; Molecular Target Inhibitors; or Antiangiogenics classes.

³ ASPE Research Brief, February 9, 2015, http://aspe.hhs.gov/health/reports/2015/MarketPlaceEnrollment/APTC/ib_APTC.pdf.

Avalere conducted additional analysis on the tier placement and cost sharing associated with 20 classes of medications. The full report is available [here](#).

Methods

Analysis using [Avalere PlanScape®](#), a proprietary analysis of exchange plan features, updated February 2015. This analysis is based on data collected by Managed Markets Insight & Technology, LLC. The sample includes silver plans in six states (FL, GA, IL, NC, PA, and TX) relying on HealthCare.gov, and CA and NY. Coverage is weighted according to unique plan-state combinations. Avalere analyzed brand and generic drug coverage in a total of 20 classes, including a mix of specialty and primary care drugs.

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