



Specialty Tier Reform Update – Week of March 24, 2014

By Mark Hobraczk

STATES

Maryland

House and Senate pass bills to limit out-of-pocket costs for specialty drugs

The Senate Finance Committee unanimously voted last week to clear legislation that would cap out-of-pocket costs for specialty tier drugs.

H.B. 761 has already unanimously passed the House on March 17th and if passed by the Senate and signed into law it would prohibit health plans from imposing a copayment or coinsurance for covered specialty drugs that exceeds \$150 for up to a 30-day supply (adjusted for medical care inflation), starting January 1, 2016. The same limit was enacted last year in Delaware (see Specialty Tier Reform Update for Week of July 29th).

The accompanying fiscal note attests that specialty drugs in Maryland can cost more than \$10,000 for a month's supply, including Incivek for hepatitis C that costs roughly \$16,000 per month. It cites industry figures showing that specialty drugs accounted for 25 percent of all prescription drug expenditures in 2012 (but only one percent of prescriptions filled) leading insurers to charge subscribers up to 50 percent of the cost of the specialty drug.

The state's dominant insurers Care First Blue Cross and Blue Shield and Kaiser Permanente testified in support of H.B. 761.

The House Health and Government Operations will hold an April 1st hearing on companion legislation (S.B. 874) that unanimously passed the Senate on March 19th.

Virginia

Governor signs bill imposing notice requirement for specialty tier coinsurance

Governor Terry McAuliffe (D) signed legislation on March 24th that requires insurers or health maintenance organizations using a prescription drug formulary to give subscribers at least 30 days prior written notice whenever a formulary drug is moved to a tier with higher cost-sharing requirements (see Specialty Tier Reform Update for Week of February 3rd).

Earlier versions of H.B. 308/S.B. 201 had set the notice requirement at 60 days (see Specialty Tier Reform Update for Week of January 6th).