Specialty Tier Reform Update – Week of June 22, 2015

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STATES

California

Senate committee amends Assembly-passed bill to limit prescription drug cost sharing

The Senate Health Committee amended a measure this week that would limit out-of-pocket costs for prescription drugs to 1/24 of the annual out-of-pocket limit applicable to individual coverage for a supply of up to 30 days. A July 8th hearing has been scheduled on the latest version.

The measure cleared the Assembly earlier this month on a 48-30 vote after several amendments, including a clarification that the cost-sharing limits apply only to covered outpatient prescription drugs that constitute essential health benefits under the Affordable Care Act (ACA) (see Specialty Tier Reform Update for Week of May 25th). The most recent amendments include limiting application of the cost sharing limits to non-grandfathered group coverage starting July 1, 2016 and non-grandfathered individual coverage starting January 1, 2017. Cost sharing amounts should apply to a plan's annual out-of-pocket maximum and cost-sharing limits for high deductible health plans would also not apply until an enrollee's deductible has been satisfied for the year.

The amended bill would also require plans to maintain a pharmacy and therapeutics committee that shall be responsible for developing, maintaining, and overseeing any drug formulary list.

A provision barring plans from placing most or all of the drugs to treat a specific condition on the highest cost tiers of a formulary has still been retained (see Specialty Tier Reform Update for Week of February 16th).

New Jersey

New bill would limit plan cost sharing for prescription drugs

Assemblyman Daniel Benson (D), the Deputy Speaker pro tempore, introduced legislation this week that would require health insurers to limit cost sharing for prescription drugs.

Under A.4595, individual and small group plans that are not bronze-level or catastrophic plans as defined by the Affordable Care Act must limit out-of-pocket costs (including coinsurance or copayments) to no more than $100 per month for each prescription drug (for up to a 30-day supply of any single drug). For bronze coverage, that limit shall be increase to $200 per month for up to a 30-day supply.

In the case of high-deductible plans (HDHP), the cost sharing limits will apply across the benefit design, including before and after any applicable deductible is reached.

As with comparable legislation introduced in other states, A. 4595 also requires the plans to allow enrollees to request an exception to any formulary. However, the bill does not include a prohibition on plans moving all or most drugs for a specific medical condition into specialty tiers, as is currently proposed in California and other states (see above).