# Role of PBMs in Patient Access & Affordability of Prescription Drugs & Potential Solutions

***NAIC PBM Regulator Issues (B) Subgroup***
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20 YEARS Cancer Action Network℠ American Cancer Society®

# Role of PBMs on Rx Access & Affordability

- **Formulary Decisions**
  - Which Drugs Covered
  - Adding Newly Approved Drugs
  - Removal of Drugs
  - Non-medical Switching
  - Increased Use of Drug Exclusions

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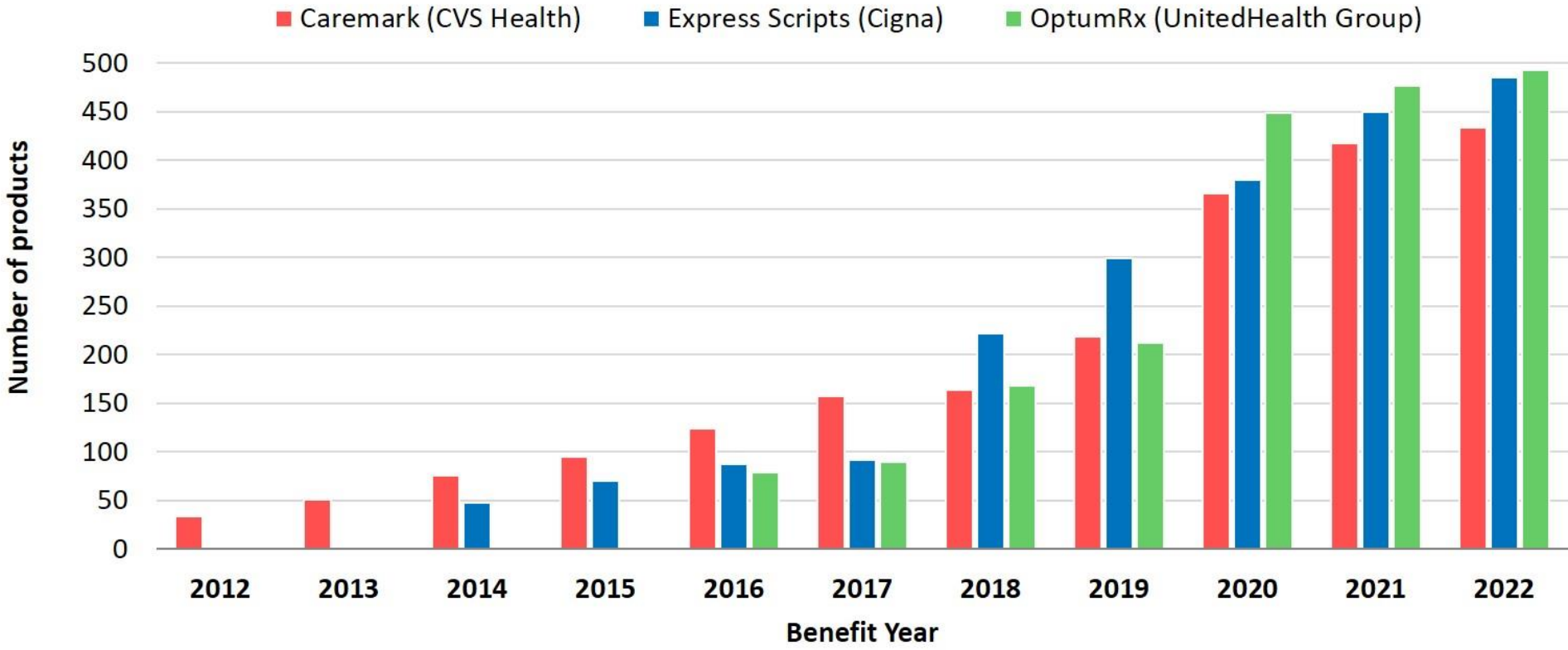
# PBM Drug Exclusions




Source: Drug Channels Institute analysis of company reports; Xcenda. Note that some data have been restated due to midyear additions to exclusion lists. Express Scripts did not publish exclusion lists before 2014. OptumRx did not publish exclusion lists before 2016. Note that PBMs may exclude many of the same medications, so certain products may appear on multiple lists.

Published on *Drug Channels* (www.DrugChannels.net) on January 19, 2022.

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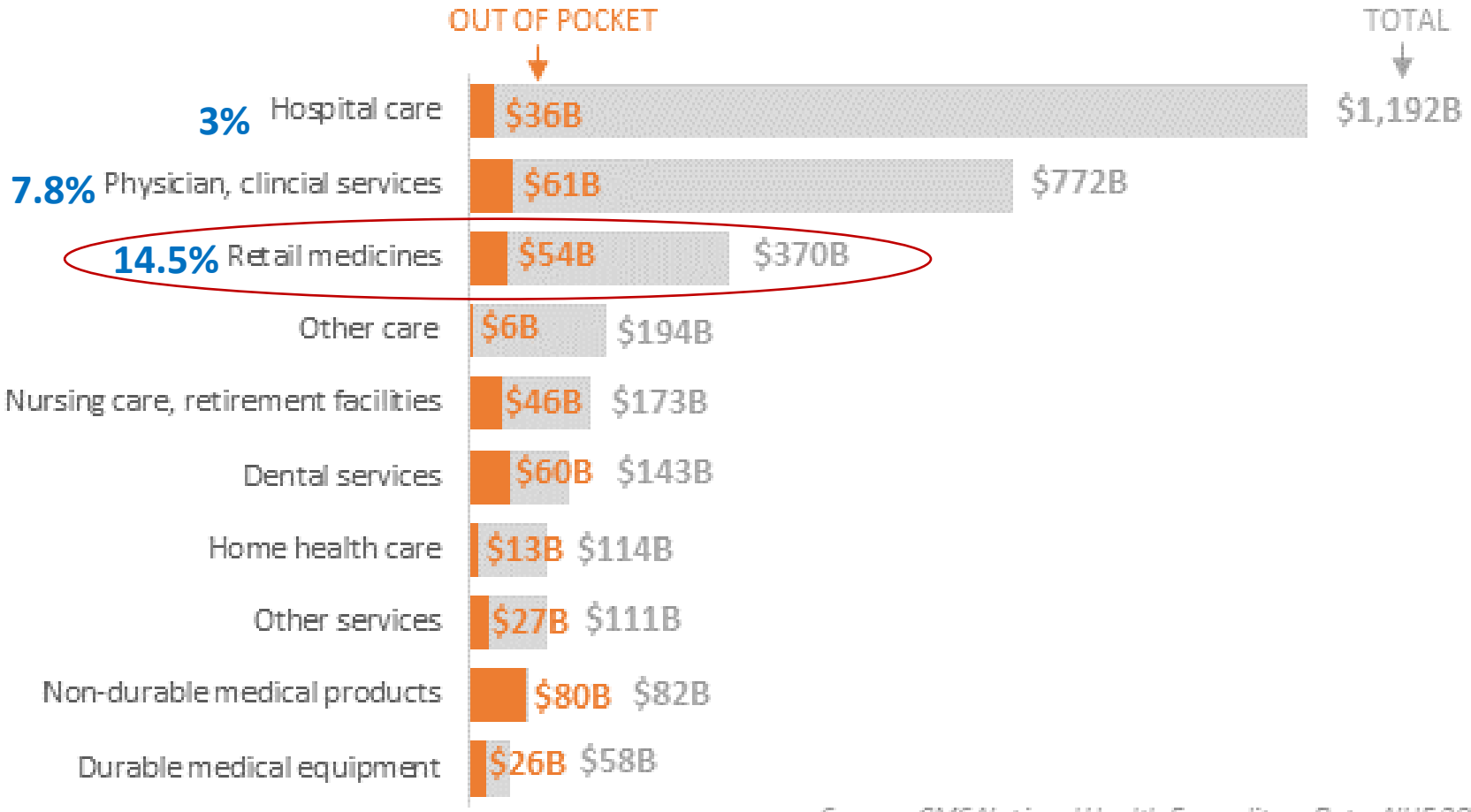
# Personal Healthcare Spending – 2019




*Source: CMS National Health Expenditure Data, NHE 2019.*

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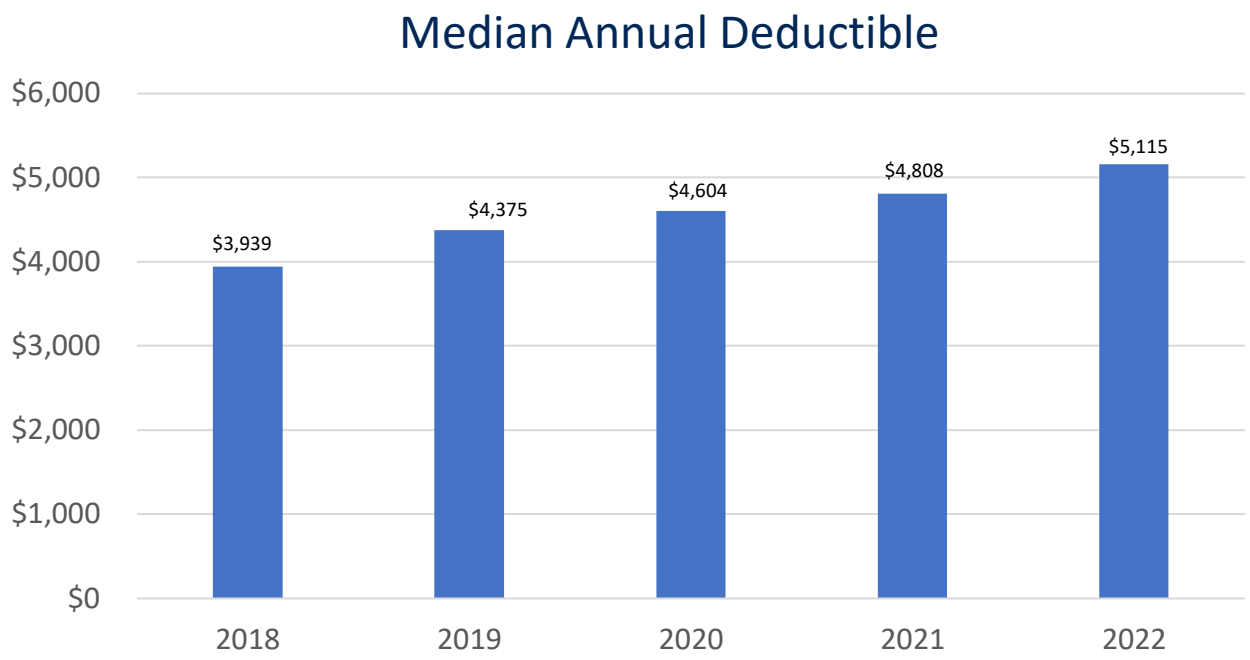
# Increasing Deductibles

*Median QHP Deductibles – Silver Level*




The PY22 silver plan median deductible is $5,155, which is an increase of 6% from PY21 and 23% from PY18.

*Source: https://www.cms.gov/CCIIO/Resources/Data-Resources/Downloads/2022QHPPremiumsChoiceReport.pdf*

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# Patient Affordability Study

- About a third (32%) of single-person households with private insurance in 2019 could not pay a $2,000 bill, and half (51%) could not pay a $6,000 bill.
- Over 40% of multi-person households can't cover a mid-range employer family plan deductible of $4,000, and 61% don't have enough to cover a high-range deductible.
- With an average out-of-pocket maximum for single coverage of $4,272 in 2021 the study concludes: “Most households do not have enough liquid assets to meet the typical out-of-pocket maximum.”

Gregory Young, Matthew Rae, Gary Claxton, Emma Wager, and Krutika Amin, Peterson-KFF Health System Tracker (Mar. 10, 2022), https://www.healthsystemtracker.org/brief/many-households-do-n have-enough-money-to-pay-cost-sharing-in-typical-private-health-plans/

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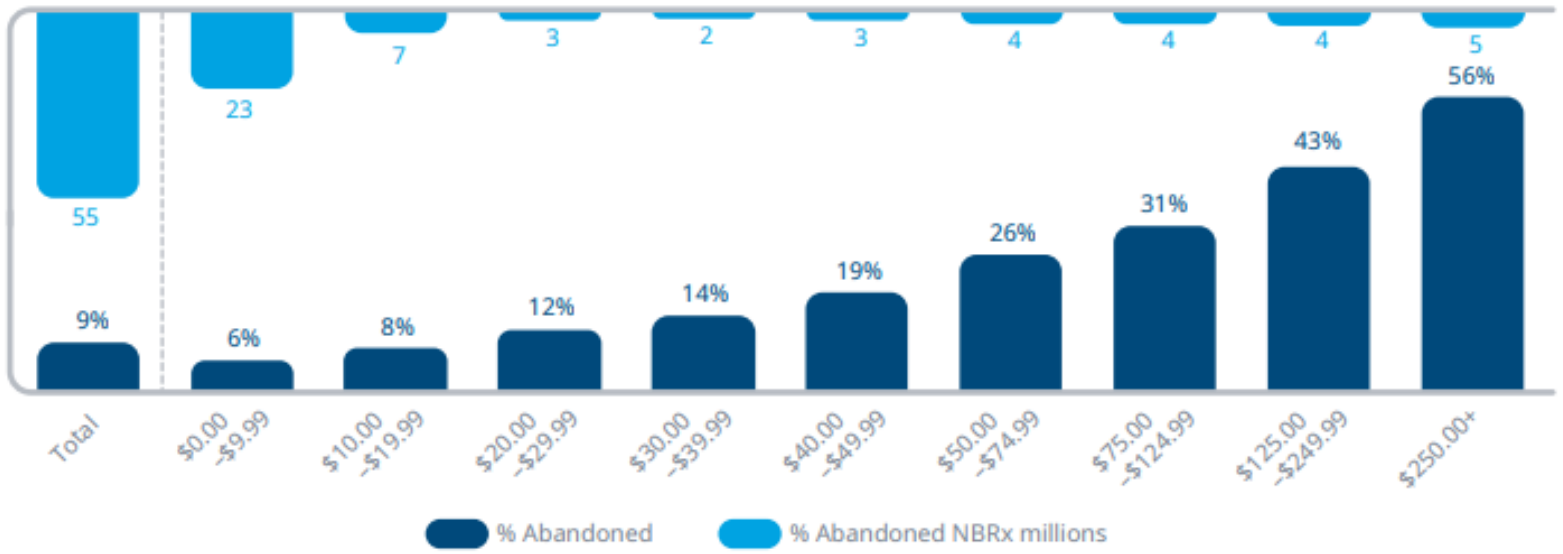
# Cost-Sharing and Rx Abandonment

## Patients starting new therapy abandoned 55 million prescriptions at pharmacies in 2020 with increasing frequency as costs rise

**Exhibit 45: 14-day Abandonment Share of New-to-Product Prescriptions by Final Out-of-Pocket Cost in 2020, All Payers, All Products**




Source: IQVIA LAAD Sample Claims Data, Dec 2020

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# Role of PBMs on Rx Access & Affordability

- **Patient Costs**
  - Drug Tiering
    - Can be based on Rebates
    - "Specialty Drugs"
    - Discriminatory Plan Design
      - Adverse Tiering
  - Beneficiary often pays Deductible & Co-insurance on List Price of the Drug
    - Does not account for any rebate PBM receives
    - Patients who generate the rebates don't benefit at pharmacy counter
  - Copay Accumulator Adjustment Programs

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# Silver Plans: Copay vs Coinsurance
## (FFE & CA 2022)

- **Preferred:**
  - 67% of plans use copayments (Average $99)
  - 33% of plans use coinsurance (Average 37%)
- **Non-preferred:**
  - 24% of plans use copayments (Average $159)
  - 76% of plans use coinsurance (Average 45%)
- **Specialty:**
  - 7% of plans use copayments (Average $493)
  - 93% of plans use coinsurance (Average 44%)

Source: Avalere PlanScape®, a proprietary analysis of exchange plan

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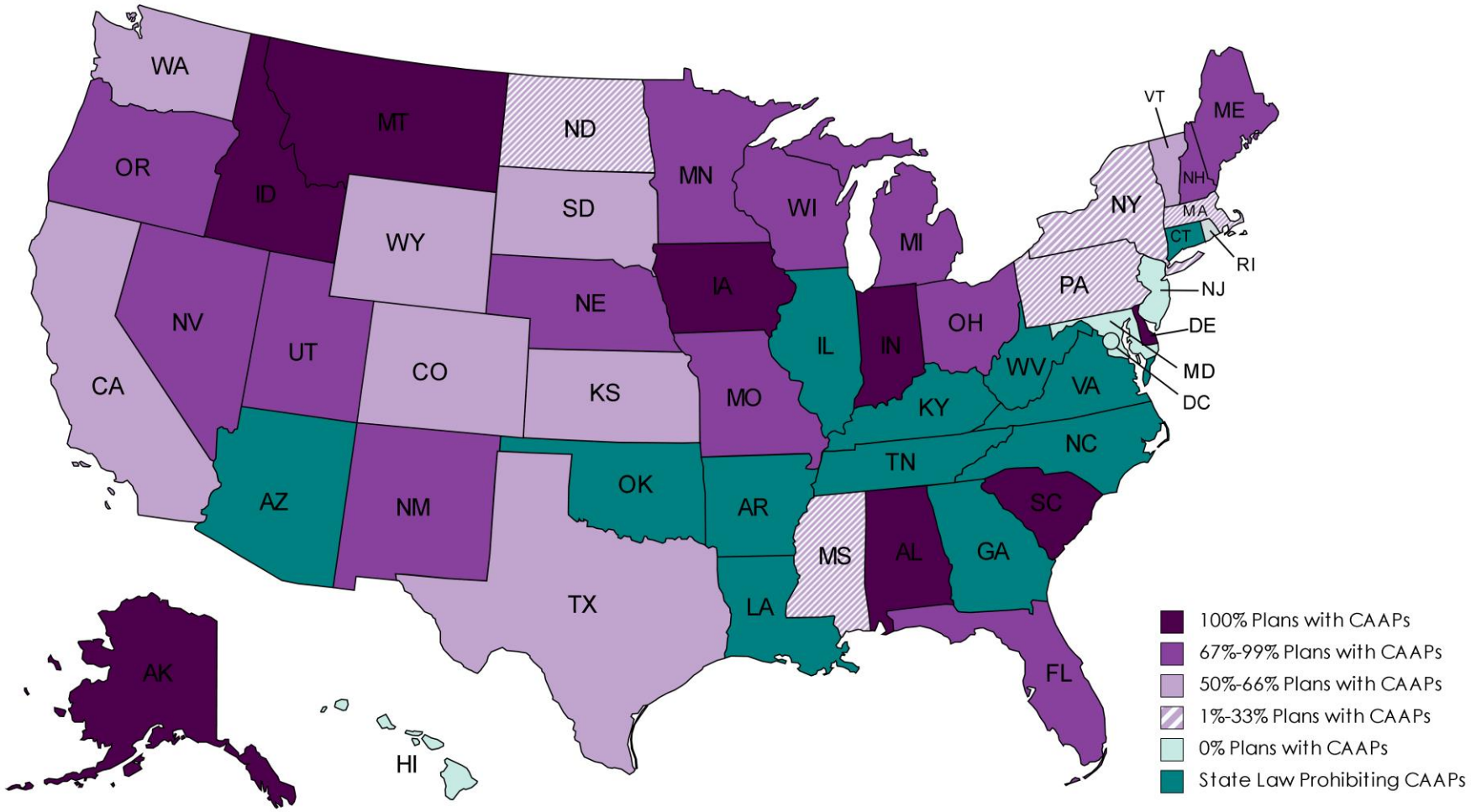
# National Overview

## Percent of Plans in States with Copay Accumulator Policies



# Patient Scenarios

- Plan deductible: $4,600
- Annual out-of-pocket maximum: $8,550
- Cost-sharing for specialty tier prescription: 50% after deductible is met
- Monthly medication cost: $1,680
- Copay assistance total: $7,200

## Scenario 1: Plan *Without* a Copay Accumulator Program

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total | Insurer collects |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Copay Assistance | $1,680 | $1,680 | $1,240 | $840 | $840 | $840 | $80 | $0 | $0 | $0 | $0 | $0 | $7,200 | |
| Remaining Deductible | $2,920 | $1,240 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | | $8,550 |
| Consumer Pays | $0 | $0 | $0 | $0 | $0 | $0 | $760 | $590 | $0 | $0 | $0 | $0 | $1,350 | |

Deductible is met | Copay assistance limit is met | Out-of-Pocket maximum is met

## Scenario 2: Plan *With* a Copay Accumulator Program

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total | Insurer collects |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Copay Assistance | $1,680 | $1,680 | $1,680 | $1,680 | $480 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $7,200 | |
| Remaining Deductible | $4,600 | $4,600 | $4,600 | $4,600 | $3,400 | $1,720 | $40 | $0 | $0 | $0 | $0 | $0 | | $15,160 |
| Consumer Pays | $0 | $0 | $0 | $0 | $1,200 | $1,680 | $1,680 | $40 | $840 | $840 | $840 | $840 | $7,960 | |

# Role of PBMs on Rx Access & Affordability

- **Pharmacy Access**
  - Mail order, specialty, or retail
  - Which pharmacy you can use
- **Access Restrictions**
  - Utilization Management (step-therapy, PA)

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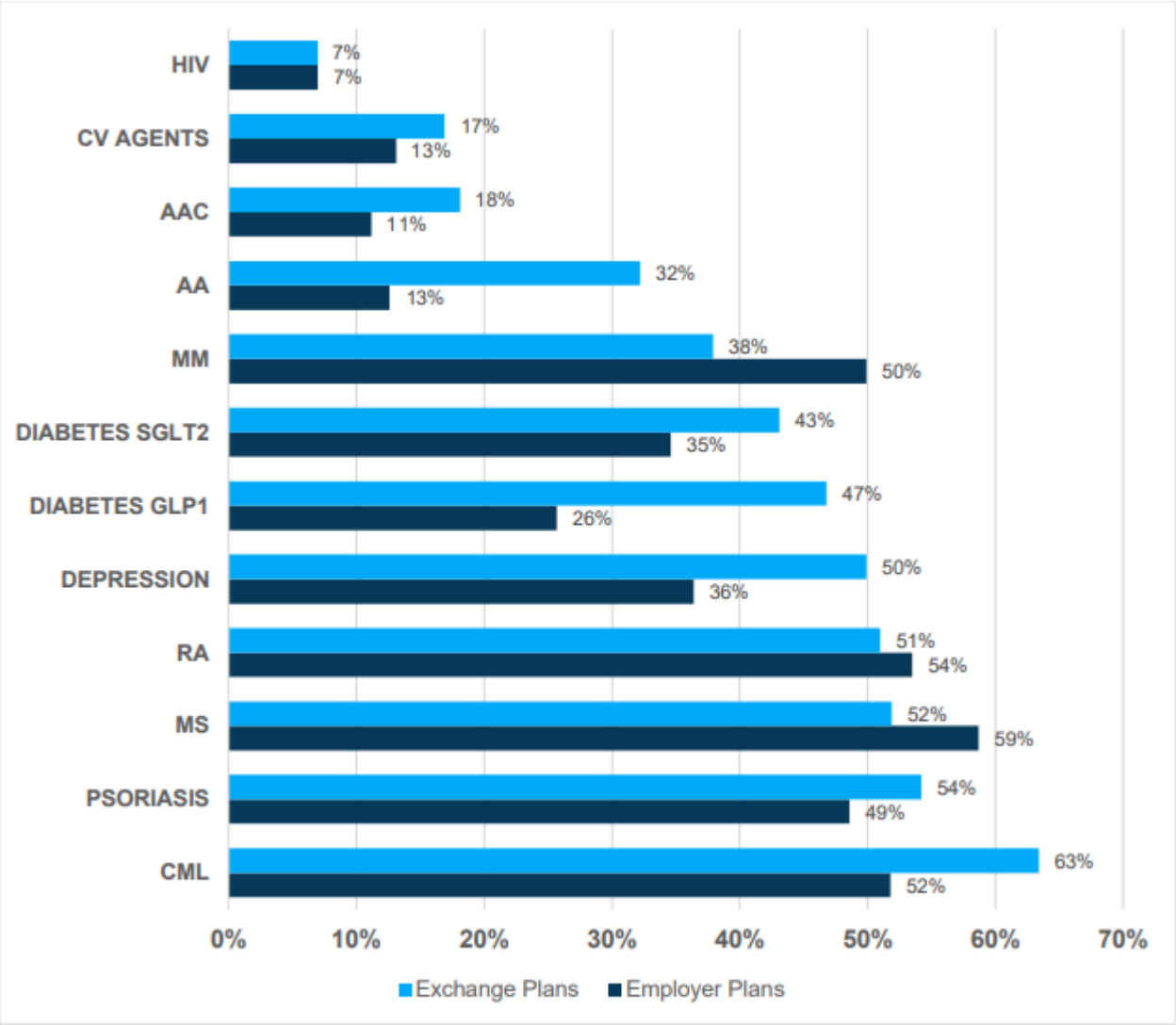
# Employer and Exchange Plans' Use of UM for Single-Source Brand Drugs, by TA, 2020




CV: Cardiovascular, AAC: Asthma/Allergy Corticosteroids, AA: Atypical Antipsychotics, MM: Multiple Myeloma, SGLT2: Sodium-glucose Cotransporter-2, GLP1: Glucagon-like peptide-1, RA: Rheumatoid Arthritis, MS: Multiple Sclerosis, CML: Chronic Myeloid Leukemia

https://avalere.com/wp-content/uploads/2021/11/UM-Trends-in-the-Commercial-Market.pdf

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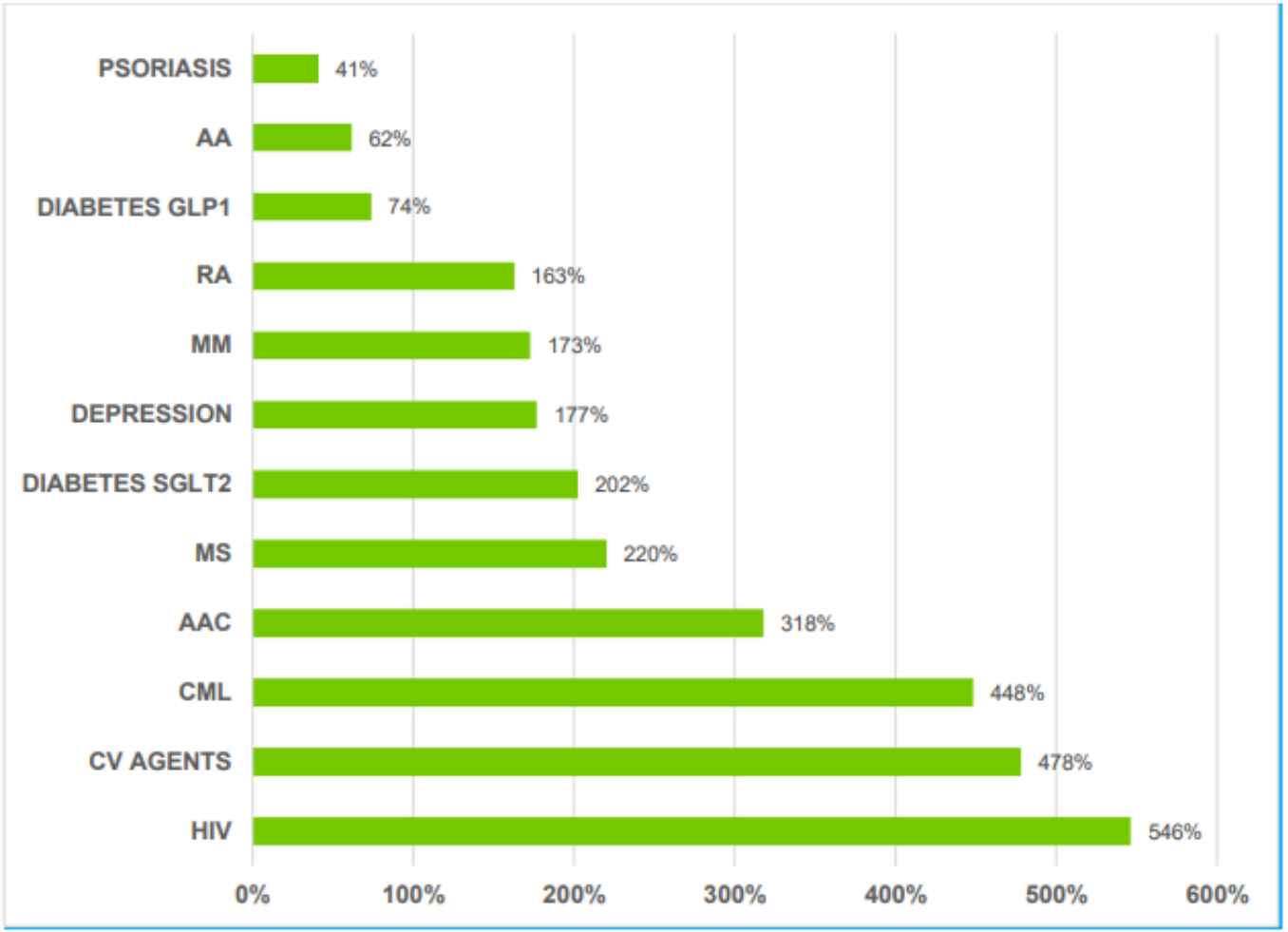
# Change in ST for Single-Source Brand Drugs in the Commercial Market by TA, 2014-2020




AA: Atypical Antipsychotics, GLP1: Glucagon-like peptide-1, RA: Rheumatoid Arthritis, MM: Multiple Myeloma, SGLT2: Sodium-glucose Cotransporter-2, MS: Multiple Sclerosis, AAC: Asthma/Allergy Corticosteroids, CML: Chronic Myeloid Leukemia, CV: Cardiovascular

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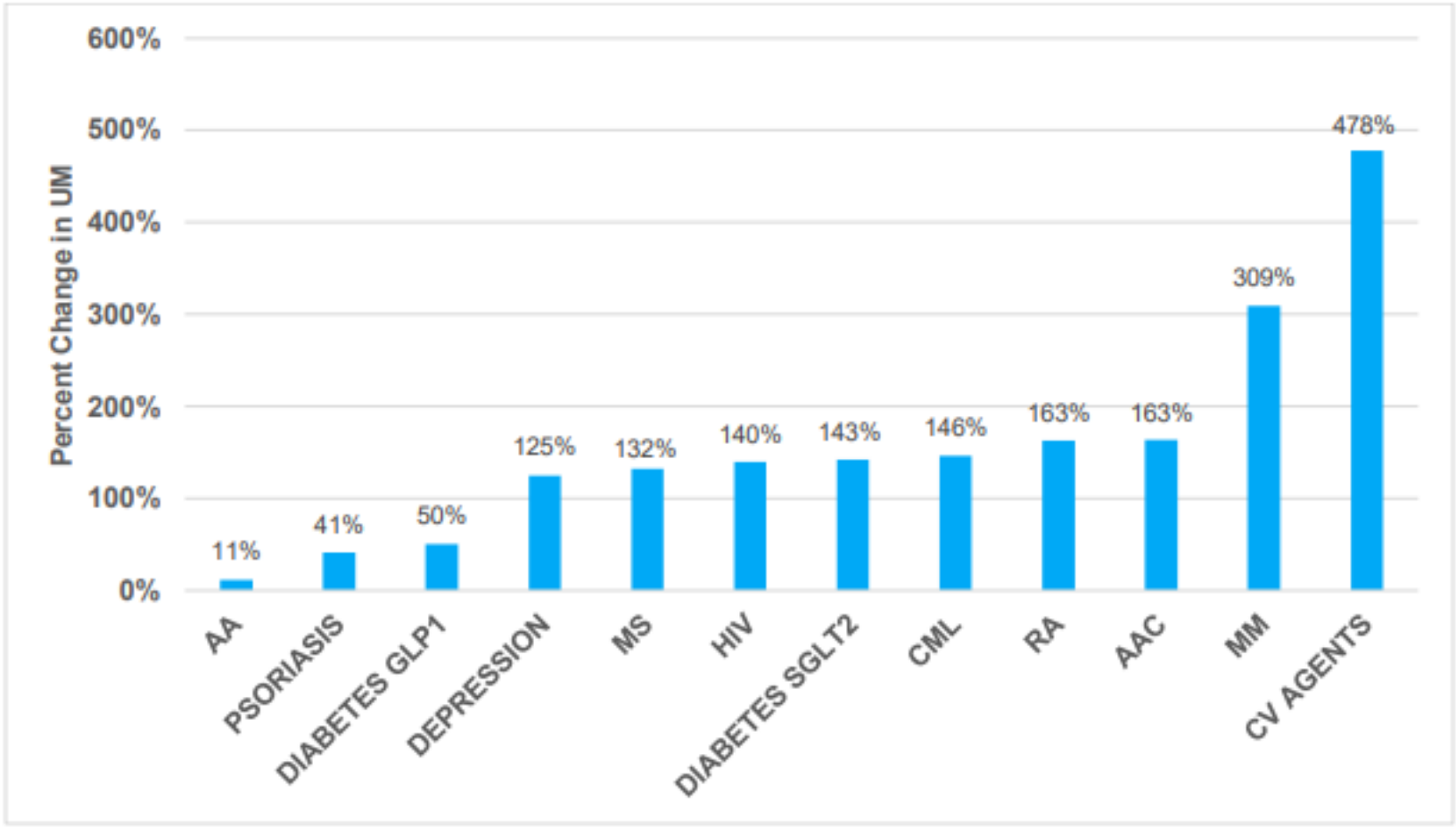


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# NAIC Draft Model Act

Model Act is an important first step:

- Regulation
- Licensing
- Prohibition on gag clauses
- Enforcement mechanism

# NAIC White Paper

- Strongly support the development of a white paper
  - Include stakeholder comments
  - Highlight direct consumer impact of proposed policies
- Opportunity to build upon policies included in NAIC Model section 8 drafting note

# Section 8 Drafting Note

- PBM network adequacy
  - AR, DE and OK have network adequacy standards to ensure patients have convenient access pharmacies
- Prohibit spread pricing
  - AR, DE, LA, VA have laws that prohibit spread pricing

# Additional Items to Include

- Prior Authorization requirements
  - DE limits use of prior auth
- Mid-year formulary changes
  - WI requires mid-year changes to be reported to the enrollee within 30 days
- PBM complaints
  - NH and OK allow for consumer complaint process

# Additional Items to Include

- Clearly defining carrier obligations
  - NM and ME laws impose obligations on issuers
- Share rebates with patients
  - WV requires patients to benefit from PBM rebates
- Impact of Rutledge decision

# Thank you!

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