



NEW ENGLAND REGION

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Senator Joseph J. Crisco, Co-Chair
Representative Robert W. Megna, Co-Chair
Insurance and Real Estate Committee
Room 2800, Legislative Office Building
Hartford, CT 06106

TESTIMONY ON Raised Bill 5251-An Act Limiting Out-of-Pocket Expenses for Prescription Drugs

Senator Crisco, Representative Megna, and Member of the Insurance and Real Estate Committee

The Arthritis Foundation is concerned about the negative effects of high co-payments or co-insurance on access to newer biologic therapies that have proven to reduce disability in inflammatory types of arthritis. We support the provisions in Raised Bill 5251, which would limit out-of-pocket yearly expenses for prescription drugs to \$3,175 per year for an individual and \$6,350 for a family. This is 50% of the out-of-pocket maximums in the Affordable Care Act.

Doctor-diagnosed arthritis affects one-fourth or 654,000 of our state adult population, according to the Centers for Disease Control and Prevention (CDC).¹ CDC also estimates that arthritis affects 3,400 children in our state.²

For people with inflammatory forms of arthritis, such as rheumatoid or psoriatic arthritis, newer biologic therapies have in repeated studies shown that they prevent joint destruction and related disability³. The cost of these newer biologic therapies ranges from \$15-40,000 per year. Cost-sharing percentages can range from 25-50% of the cost of these medications. A 25% co-insurance for one of the most widely prescribed self-injected biologics would be equivalent to approximately \$6,000. What family can afford this level of out-of-pocket payment for just one therapy?

Goldman and colleagues completed a study that analyzed the change in members' utilization given a change in their cost-sharing for biologics, including those used for rheumatoid arthritis. The study included pharmacy and medical claims from 55 health plans offered by 15 large employers with 1.5 million beneficiaries in 2003 and 2004. The study showed that doubling the co-pay (which is a fixed amount much less than co-insurance) resulted in a 21% reduction in use among people with rheumatoid arthritis⁴. An earlier study by the same authors concluded that high cost sharing delays the initiation of drug therapy for patients newly diagnosed with chronic disease⁵. In rheumatoid arthritis, studies show that most of the joint damage occurs in first three years of disease, so any delay increases the risk for lifelong disability.

We realize that insurers are concerned about the costs for these expensive medications and have adopted higher co-payments, co-insurance, and other measures to control costs. Vermont recently enacted a cap on out-of-pocket payments at 25% of the Affordable Care limits or half of what this bill

proposes. One of the state's major insurance carriers in filings reported that the effect on premiums was 1/10 of one percent.

The bill exempts high-deductible insurance policies from the proposed limits. Two weeks ago, a mother of an 8 year old with juvenile idiopathic arthritis from Avon/Canton called our office. Her employer plan is a high-deductible with a \$4,000 deductible, which is soon to go to \$6,000. She was unable to pay the deductible so her daughter could get access to a biologic medication. She reported that she swallowed her pride and asked her parents for a loan so she could stop her daughter's pain. We encourage the committee and the State Insurance Department to examine what can be done in the future to address the issue of high deductibles when a child or family member suddenly develops a serious illness that requires expensive medication therapy.

Sincerely,

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Vice President, Public Policy & Advocacy
Arthritis Foundation, New England Region

¹CDC, Division of Adult and Community Health, 2010 (cdc.gov).

²Sacks J, Helmick CG, Luo YH et al. Prevalence of and annual ambulatory health care visits for pediatric arthritis and other rheumatologic conditions in the United States in 2001-2004. *ArthRheum (Arthritis Care and Research)* 57:8 1439-1445 2007

³Saag Kg, Teng GC, Patkar NM et al: American College of Rheumatology 2008 recommendations for the use of non-biologic and biologic disease-modifying anti-rheumatic drugs in rheumatoid arthritis. *ArthRheum* 2008:59:762-784.

⁴Goldman DP et al: Benefit design and specialty drug use. *Health Affairs*. 25:1319

⁵Solomon MD, Goldman DP, Joyce GF, Escarce JJ: Cost sharing and the initiation of drug therapy for the chronically ill. *Arch Int Med*. 169:737-739, 2009