



## NEW ENGLAND REGION

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The Honorable Joseph J. Crisco and Robert W. Megna, Co-Chairs, and Members  
Insurance and Real Estate Committee  
Room 2800, Legislative Office Building  
Hartford, CT 06106

**PROPOSED BILL #24:** An Act Establishing Standards and Requirements for Insurers' Drug Formularies, Requiring Disclosure of Certain Health Insurance Plan Information for Consumers Comparison Purposes, and Requiring the Connecticut Health Insurance Exchange and the Insurance Department to Evaluate Health Insurers' Compliance with the Affordable Care Act

### Written Testimony

Senators Crisco, Representative Megna and Members of the Insurance and Real Estate Committee

I am Susan Nesci, Vice President for Advocacy for the Arthritis Foundation in New England. The Arthritis Foundation supports all three provisions of Proposed Bill # 24 to increase transparency in the information provided to consumers by health insurance plans. These provisions are particularly important for people with auto-immune types of arthritis, such as rheumatoid arthritis, that may require treatment with expensive biologic medications.

#### **1A) Adverse Tiering**

A study just published by Harvard researchers in the *New England Journal of Medicine*<sup>1</sup> found evidence that insurers are increasing putting all the drugs in certain classes in the tier with the highest cost-sharing. They called this practice adverse tiering. The study authors found that all the drugs used to treat HIV, even generics, were placed in the highest cost-sharing tier in 12 of 48 plans. The federal government's Centers for Medicare and Medicaid Services are looking at this practice as a form of discrimination in four disease areas, including rheumatoid arthritis. This type of discrimination is prohibited by the Affordable Care Act.

This bill would help prevent the practice of adverse tiering by requiring that at least one therapeutically equivalent prescription drug is available in a preferred or lower cost-sharing tier.

#### **1B) Mid-year formulary changes**

We encourage people with arthritis to choose health insurance plans that cover both their doctors and their medications. Even with careful choice, an insurer can change its formulary during the policy year so there is no guarantee that a medication will be covered for the entire policy year.

The bill would address this issue.

## **2) Information to Help Consumers Compare Health Plans**

Currently in both commercial insurance and the Health Insurance Exchanges it is difficult or impossible for most consumers to discover what medications are covered by the plan and total out-of-pocket costs. A study by Avalere Health found that 38% of qualified health plans they analyzed did not make their formulary available<sup>2</sup>.

The Arthritis Foundation recommends that health insurers make the following information available to consumers to help them compare plans:

- Maintain an updated searchable listing of medications covered in a plan's formulary by drug names and disease type as well as physicians and hospitals in the plan's network
- Disclose all co-payment and co-insurance obligations for each medicine
- Disclose special requirements for each medication, including prior authorization and step therapy
- Provide alternate methods for formulary and physician listings for those people without Internet access

## **3) Insurance Department to Evaluate Compliance with Affordable Care Act**

The Insurance Department is in the best position to monitor compliance with state requirements as well as those of the Affordable Care Act.

Thank you for your consideration of these proposals.

### **References:**

<sup>1</sup> Jacobs DB and Somers BD: Using drugs to discriminate: adverse selection in the insurance marketplace. N Engl J Med 2015:372-402.

<sup>2</sup> Avalere Health. Exchange consumer experience analysis. April 2014. <http://avalere.com/expertise/managed-care/insights/avalere-analysis-exchange-consumer-experience>