OFFICE OF LEGISLATIVE RESEARCH
Objective Research for Connecticut's Legislature

ResearchReport

Non-Medical Switching of Medications in Select States

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Issue

Describe and compare legislation prohibiting non-medical switching in California, Connecticut, Louisiana, Nevada, New Mexico and Texas. List other states with 2017 legislation limiting non-medical switching. Summarize the Institute for Patient Access' (IFPA) "Cost-Motivated Treatment Changes in Commercial Claims: Implications for Non-Medical Switching" report. Provide information on the economic impact of non-medical switching.

Summary

"Non-medical switching" broadly refers to a change in a stable patient's medication for financial or instead of medical reasons, such as (1) a change in the patient's insurance plan or (2) the availability of a less expensive but therapeutically equivalent drug.

Non-medical switching generally occurs when a patient asks his or her healthcare provider to change a prescription because of an increase in copay or other out-of-pocket expense. As such, non-medical switching is the result of changes to other factors, such as a formulary change. (Non-medical switching generally does not refer to instances when a pharmacist substitutes a generic version for a brand name prescription drug.)

Additional Information

OLR Report 2017-R-0008, Non-Medical Switching of Medications (in Connecticut and certain other states)

OLR Report 2017-R-0203, Prescription Drug Formulary Legislation in Select States

OLR Report 2016-R-0090, Insurers Making Prescription Drug Formulary Changes

Laws Limiting Non-Medical Switching

We researched six states (California, Connecticut, Louisiana, Nevada, New Mexico and Texas) and found none of these explicitly limit non-medical switching. However, many states have passed legislation that imposes restrictions on certain underlying factors, such as formulary changes, that may contribute to non-medical switches.

For example, the Coalition of State Rheumatology Organizations lists states, including Texas and New Mexico, that have introduced legislation prohibiting non-medical switching. However, the legislation actually prohibits insurers from altering formulary and prescription drug benefit designs. For more information on laws limiting formulary changes in these states, see OLR Report 2017-R-203, *Prescription Drug Formulary Legislation in Select States*.

States also limit non-medical switching in other ways. For example, according to the the California Insurance Department, California allows patients to request that a medically necessary, non-formulary drug be covered. Because California law generally requires insurers to cover medically necessary drugs, even if they are not in the formulary, this law may also lower instances of non-medical switching.

Proposed Legislation Limiting Non-Medical Switching

According to the National Conference of State Legislatures (NCSL), no state introduced legislation in 2017 that explicitly limits non-medical switching. However, many states introduced legislation that would limit or prohibit formulary changes, one of the causes of non-medical switching. For more information and a full list of states limiting formulary changes, see OLR Report 2017-R-203.

Cost-Motivated Treatment Changes Report Summary

This report, Cost-Motivated Treatment Changes in Commercial Claims: Implications for Non-Medical Switching by The Moran Company, examines the non-pharmacy health care cost impact of non-medical switching for patients with one of twelve different chronic conditions: Crohn's disease, osteoarthritis/osteoporosis (the report appears to use the terms interchangeably), multiple sclerosis (MS), rheumatoid arthritis, psoriasis, asthma, hypercholesterolemia, cystic fibrosis, hepatitis C, immunodeficiency, chronic obstructive pulmonary disorder (COPD), and chronic pain.

The report showed mixed results. For five of the conditions (Crohn's disease, MS, COPD, rheumatoid arthritis, psoriasis), it finds "direct evidence" that non-medical switching leads to higher patient costs. However, according to the report, the findings were statistically significant for only two of the patient groups (Crohn's and MS). The patients with chronic pain who experienced a non-medical switch had lower non-pharmacy spending than those who switched to a higher-cost medication.

Of the remaining six conditions, three (asthma, osteoarthritis/osteoporosis, and hypercholesterolemia) had non-significant findings (i.e., the data does not support a difference in health care costs between patients that switch and those that did not). The final three conditions (cystic fibrosis, hepatitis C, and immunodeficiency) did not have a large enough sample size to draw adequate conclusions, per the report.

Statistically Significant Findings

The report found that the patients with Crohn's Disease and MS had higher non-pharmacy per-member-per-month (PMPM) costs after they switched to a lower-cost medicine (i.e., experienced a non-medical switch). The average spending for patients who did not switch medications in the 12 months following a Crohn's Disease diagnosis was $3,386 PMPM. The average cost for those who experienced a non-medical switch was $5,883 PMPM. (In comparison, those who switched to a higher cost medication, which is not considered a non-medical switch, had average costs of $4,578 PMPM). And, for those who switched medications for non-medical reasons more than once, the average cost was $6,615 PMPM.

For patients with MS who had a non-medical switch, non-pharmacy health care costs rose from $2,823 PMPM in the 12 months following diagnosis to $5,631 PMPM. Those who switched to a higher cost medication (not a non-medical switch) again experienced a lower increase in costs, paying an average of $3,524 PMPM. MS patients with more than one switch had health care costs of $3,768 PMPM.

For Crohn's and MS patients, patients who did not switch medications at all had the lowest PMPM costs.

Source: "Cost-Motivated Treatment Changes in Commercial Claims: Implications for Non-Medical Switching." The Moran Company. August (2017).

Economic Impact of Non-Medical Switching

While non-medical switching may decrease the cost of certain medications, some medical research indicates that it may also have unintended effects on clinical and economic outcomes, health care utilization, and patients' medication adherence. Such effects may include disease progression, adverse side effects to new medications, increased medication costs, and nonadherence to medication protocols.

A 2016 analysis by Nguyen et al. reviewed 29 existing scientific studies on non-medical switching that included 253,795 patients between 2000 and 2015. The authors found that non-medical switching was generally associated with negative or neutral clinical and economic outcomes and not with positive outcomes. This was particularly true for chronically ill patients who were medically stable before the medication switch occurred. (Nguyen E, E Weeda, et al. "Impact of Non-Medical Switching on Clinical and Economic Outcomes, Resource Utilization and Medication-Taking Behavior: a Systematic Literature Review," Current Medical Research and Opinion, 32:7, 1281-1290.)

A similar 2015 study looked at the healthcare cost of non-medical switching from a particular drug for patients with rheumatoid arthritis, psoriasis, psoriatic arthritis, ankylosing spondylitis, or Crohn's disease. The report concludes that patients remaining on the initial drug had "significantly less health care expenditures" compared to those who switched. (Liu, Y. et al. "Impact of non-medical switching on Healthcare costs: a claims database analysis," Value in Health , 18:3 , A252.)

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