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U.S.

# Drug-Cost Surprises Lurk Inside New Health Plans



Marie Cramer, above, compared plans to see which paid more for Humira, a drug for rheumatoid arthritis.  
JASON ANDREW FOR THE WALL STREET JOURNAL

*By Melinda Beck*

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Americans with chronic illnesses—who are expected to be among the biggest beneficiaries of the health law—face widely varying out-of-pocket drug costs that could be obscured on the new insurance exchanges.

Under the law, patients can't be denied coverage due to existing conditions or charged higher rates than healthier peers. The law also sets an annual out-of-pocket maximum of up to \$6,350 for individuals and \$12,700 for families, after which insurers pay the full tab.

But depending on the coverage they select, some patients on expensive drug regimens could reach that level fast. Some medications for conditions including hepatitis, rheumatoid arthritis, HIV and cancer can retail for thousands of dollars a month, and some plans require patients to pay as much as 50% of the cost.

The HIV drug Atripla, for example, typically retails for about \$2,200 a month. On "silver," or midlevel, plans in Miami-Dade County, Fla., with comparable premiums, monthly out-of-pocket costs for Atripla range from \$55 on Molina Marketplace Silver to \$902 on Cigna Corp.'s Health Flex 1500. On a single Cigna plan, Health Savings 3400, out-of-pocket costs for Atripla vary from zero if patients buy from an in-network pharmacy to \$1,127 if they don't.

## Out-of-Pocket Payments

Patient costs for prescription drugs vary widely among insurance plans offered under the Affordable Care Act. Here are estimates of what some insurers would require a 35-year-old patient to pay for three expensive drugs in silver-level plans in selected counties.

<b>Betaseron for Multiple Sclerosis</b> Retail cost: <b>\$4,500</b> in Kalamazoo County, Mich.	
CARRIER	OUT-OF-POCKET COST RANGE
BlueCross BlueShield	up to \$300*
Priority Health	up to \$400*
Meridian Choice	not covered
Consumer Mutual of Michigan	not covered

<b>Atripla for HIV</b> Retail cost: <b>\$2,200</b> in Miami-Dade County, Fla.	
CARRIER	OUT-OF-POCKET COST RANGE
Florida Blue	\$40-\$70
Cigna	up to \$1,100 <sup>†</sup>
Humana	\$880-\$1,100 <sup>†</sup>
Molina Healthcare	\$55

<b>Humira for Rheumatoid Arthritis</b> Retail cost: <b>\$5,000</b> in Cook County (Chicago), Ill.	
CARRIER	OUT-OF-POCKET COST RANGE
Blue Cross Blue Shield	\$150
Humana	\$2,000-\$2,500 <sup>†</sup>
Land of Lincoln Mutual	\$1,500 <sup>†</sup>
Coventry	\$1,500-\$2,500 <sup>†</sup>

\*Maximum allowed; <sup>†</sup>Based on the co-insurance percentages in each plan  
 Source: HealthCare.gov; GoodRx.com (drug prices) The Wall Street Journal

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A spokeswoman for Cigna said the insurer offers several plan choices so patients can select one that best meets their needs and budget. A spokesman for Humana said the out-of-pocket maximums on exchange plans protected patients from

excess costs. A representative from Molina didn't respond to requests for comment.

In general, the lower a plan's monthly premium, the higher the portion of drug costs patients must bear. But an array of other factors also affect cost to patients—including whether a medication is on the insurer's covered-drug list, or formulary; in what level, or tier, of coverage it is; and what cost-sharing formula applies to that tier, which can vary from plan to plan even among those offered by the same insurer in the same bronze, silver or other category.

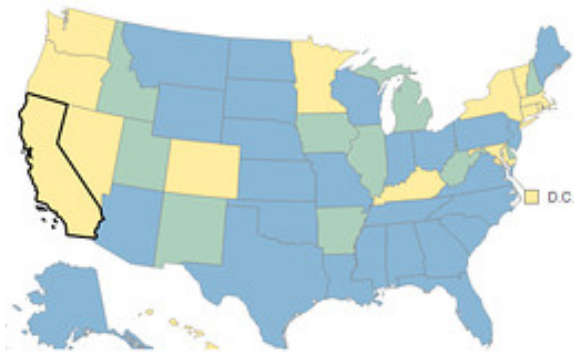
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A drug's tier—generally divided into generic, brand, preferred and specialty categories—is often determined by price negotiations between insurers and drug makers and can make a huge difference in patient costs.

Finding all the pertinent information for each plan is a challenge. The retooled federal HealthCare.gov website makes researching plan differences somewhat easier, patient advocates say, but it still takes many steps and some plans require shoppers to formally apply before seeing all the details.

Without easier access to information, "we're concerned that people may be attracted to plans with low premiums and not have much drug coverage at

all," said Kimberly Beer, director of advocacy for the Arthritis Foundation, one of many advocacy groups that have been trying to advise patients shopping on the exchanges and having difficulty obtaining drug-cost details.

"Right now, the problem is not getting access to care—it's getting access to information," said Alexandra Remmel, a longtime AIDS counselor at the Gay Men's Health Crisis in New York and an official navigator on the state's exchange.

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Many people with chronic illnesses may find that gold or platinum plans are more cost-effective in the long run than the cheapest-seeming bronze plans, patient advocates say.

Marie Cramer of Levittown, N.Y., is scrutinizing plans on her state's exchange. The 61-year-old former human-resources manager has had rheumatoid arthritis for 40 years and may need to go on the biologic drug Humira, which retails for about \$5,000 a month. She is debating between two platinum plans that would cost her a flat fee of \$60 or \$150 for Humira, rather than 40% on silver or bronze plans.

Even at \$500 a month, the platinum premiums are just half of what she pays for insurance now. "Having this much choice is great," she said. "It's just very, very complicated and time consuming trying to find the right fit."

Putting the costly drugs on high tiers with hefty copays and imposing other restrictions isn't unique to the Affordable Care Act. But experts say such practices are more prevalent in exchange plans as insurers try to keep premiums down.

In a study of 22 carriers in six states, Avalere Health found that 90% of bronze plans (with generally the lowest premiums) require patients to pay a percentage of costs, 40% on average, for drugs in tiers 3 and 4, compared with 29% of employer-sponsored plans that most Americans currently use. Most silver plans also require patients to pay 40% for the highest-tier drugs, although some have flat fees of \$70 to \$270, the study found.

## Audio

Melinda Beck has more on this issue with  
The Wall Street Journal This Morning.



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Insurance-industry experts say that in part, companies are bracing for an influx of sicker, more expensive patients on the exchange plans that could pose a financial risk if not enough healthy customers sign up to balance out those costs. And because

insurers can't charge chronically ill patients more, experts say, requiring patients to pay more and imposing other restrictions on pricey drugs is a way to steer them to generics and keep premiums lower overall.

"Some drugs are expensive, and some are very expensive, and in some categories the cost is rising quickly," said Susan Pisano, a spokeswoman for America's Health Insurance Plans. While critics tend to focus on the cost to patients, "sometimes the underlying cost of the drugs is ignored."

Many foundations, government programs and drug makers help patients with chronic illnesses pay their share of drug costs. The pharmaceutical industry gave out more than \$4 billion in discount coupons or cards in 2011, according to the Amundsen Group, a consulting firm. In some cases, those discounts make even very expensive drugs effectively free to patients, while still helping them meet their out-of-pocket maximums, says Mason Tenaglia, the firm's managing director. "After that, the insurer is paying full price."





Whether such discounts will be allowed on insurance offered through the exchanges isn't clear. Most insurers say such discounts undermine their attempts to steer patients to less-costly alternatives, and they are barred as illegal kickbacks on Medicare and Medicaid.

Last month, some drug makers pointed to a ruling from Health and Human Services Secretary Kathleen Sebelius that the exchange plans aren't government programs as a reason for allowing the discounts.

But an HHS spokeswoman said last week the agency discourages such payments and encourages insurers to reject them.

Some insurers already do so, requiring patients to purchase certain drugs through specially designated pharmacies that don't accept discount cards.

"It's one thing for an individual customer to get a discount, but when a sizable number of consumers use those cards, that will eventually result in higher premiums," Ms. Pisano said.

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