



National
Multiple Sclerosis
Society

Multiple Sclerosis Society
California Action Network
(MS-CAN)

1127 11th Street, Suite 208
Sacramento, CA 95814
Telephone: (916) 442-3520
Fax: (916) 442-4616

AB 1800 (MA) Fair Out-Of-Pocket Expenses

POSITION: CO-SPONSOR

Background and Problem

Northern California
1700 Owens Street
Suite 190
San Francisco, CA 94158
(800) 344-4867

Pacific South Coast
12121 Scripps Summit Dr.
#190
San Diego, CA 92131
(800) 486-6762

Southern California
2440 S. Sepulveda Blvd.
Suite 115
Los Angeles, CA 90064
(310) 479-4456

Millions of Californians have excessive out-of-pocket (OOP) medical expenses, despite having health insurance. People with chronic health conditions need frequent, and sometimes expensive care. Unfortunately, until 2014, there is no legal limit on how much an insured consumer might have to pay out-of-pocket.

Plans often use separate deductibles for different types of benefits, for example, \$1,000 for most services and \$2,500 for prescriptions. Unfortunately, this enables insurers to design products favoring the young and healthy. In contrast, the high cost burden is on people with serious health conditions who depend on their insurance to cover prescriptions that may save their lives or keep them out of the hospital.

Prescription Specialty Tiers

A “specialty tier” model for prescription drugs, commonly used by private health plans, makes certain medication out-of-pocket costs extraordinarily high. That’s because the most expensive drugs are put in the highest tier, Tier 4. People who need a Tier 4 drug don’t pay a flat amount like \$20 per prescription, but instead pay a co-insurance averaging 25% - 33% of the cost of their medicines. That can amount to hundreds or thousands of dollars a month. In most cases, specialty tier drugs have no generic equivalents.

Lack of Recourse

Making matters worse, health plans may elect not to cover a prescription drug at all. Existing law prevents patients from using the Independent Medical Review (IMR) process to appeal when a plan or insurer refuses to cover a medically necessary drug.

JOIN THE MOVEMENT
www.msconnection.org

The National Multiple Sclerosis Society... One thing people with MS can count on.

Please remember the National MS Society in your estate planning.

People Most Impacted by High OOP Costs

Who's most affected by extraordinary out-of-pocket costs? People with a range of serious disorders needing Tier 4 drugs including people with: cancer, autoimmune conditions like Crohn's disease, lupus, multiple sclerosis, scleroderma, rheumatoid arthritis, hemophilia, hepatitis, immune deficiencies, neuropathy, and transplant patients. In addition, those with asthma, diabetes and heart disease commonly spend thousands of dollars on doctor visits, lab tests, and prescriptions.

What Does AB 1800 Do?

Beginning January 1, 2013, AB 1800 establishes a single deductible for *all* covered benefits and an annual cap on *all* OOP costs for covered benefits. The OOP cap will include consumer costs for hospitalization, physician visits, prescription drugs, co-payments, deductibles, and any other form of cost sharing.

This approach provides transparency so patients will know each year the maximum they will be expected to pay for their health coverage and benefits. The cap in this bill aligns with federal health care reform, \$5,950 for individuals and \$11,900 for families. Aligning the costs with the federal law also ensures that the protections in AB 1800 stay intact regardless of threats to the future of federal health care reform. The bill also goes into effect a full year earlier than federal health reform.

In addition, AB 1800 strengthens the Independent Medical Review process by allowing patients to appeal for a review if a doctor deems a medication "necessary" that is not covered by that patient's health plan.

Impact of AB 1800 on People Living with Multiple Sclerosis

Individuals living with multiple sclerosis (MS) have very high medical expenses. They make frequent health care visits and rely on prescription medications to help manage their disease. Most people with MS are prescribed one of four MS drugs (Avonex, Betaseron, Copaxone and Rebif) which have no generic equivalents and are typically designated as Tier 4. Since those with MS often take four to six other medications to ease MS symptoms, OOP become exorbitant.

A study by Prime Therapeutics (2009) examined the affect high OOP costs had on insured consumers with multiple sclerosis. In effect, those compelled to pay more than \$200/month for MS medications were *six times* more likely to *not* fill their prescriptions compared to individuals whose co-payment was less than \$200.

AB 1800 will protect people with MS from excessive OOP medical costs and help them predict annual medical expenses.

The National Multiple Sclerosis Society... One thing people with MS can count on.

Please remember the National MS Society in your estate planning.