

ACCESS TO DIABETES MEDICINES IN EXCHANGE PLANS

The number of patients who are newly diagnosed with diabetes each year has tripled in the past twenty years, and type 2 diabetes accounts for 95% of diagnosed diabetes in adults.ⁱ As many previously uninsured people enroll in exchange coverage and access primary care, diagnoses of diabetes may increase further. Medicines are a key component of managing diabetes. Most patients take oral medicines to stabilize blood sugar levels, but over time, many patients also add insulin to their treatment regimens.

The results presented below provide insights into how plans in the health insurance exchanges and employer plans cover innovator diabetes medicines.ⁱⁱ Findings are primarily based on an analysis of silver plans available in all states nationwide in 2015;ⁱⁱⁱ accordingly, discussion of exchange plans below refers to these silver plans.

COVERAGE & ACCESS FOR DIABETES MEDICINES

Diabetes medicines are subject to substantial cost sharing in many exchange plans as well as tight utilization management, both of which could be barriers to access for many patients

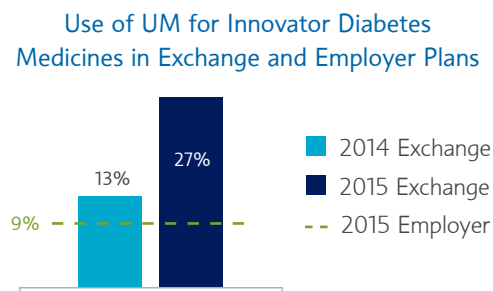
Compared to patients with employer coverage, patients in exchange plans often face higher cost sharing and other access barriers to diabetes medicines. Additionally, unlike most employer plans,^{iv} many exchange plans subject prescription medicines and other items and services to a single global, also known as a combined, deductible. Those deductibles average about \$2,700 among exchange plans in 2015.^v

Formulary Coverage: Exchange plans cover innovator diabetes medications at slightly higher rates than employer plans in 2015

Across two classes of diabetes medicines, exchange plans cover diabetes innovators 85% of the time, up from 74% of the time in 2014. Similarly, employer plans cover innovator medications in these classes 80% of the time in 2015.

Access Limits: Use of utilization management is more frequent in 2015 exchange plans compared to employer plans

Exchange plans' use of utilization management (UM) for innovator diabetes drugs doubled in 2015 compared to 2014. In 2015, prior authorization, step therapy, or both occur 27% of the time for innovator diabetes medications in exchange plans. Use of these access limits also is substantially higher in exchange plans than it is in employer plans; employer plans apply UM to diabetes innovators only 9% of the time in 2015.



Cost Sharing: Consumers are much more likely to pay a copay for diabetes medications rather than a coinsurance

For innovator diabetes medications, coinsurance is required in 35% of cases for exchange plans. Coinsurance requires patients to pay a share of the total cost of the covered medicine, after any applicable deductible. When coinsurance applies, diabetes innovator medications also average 35% coinsurance, while the average copay amount is \$52 when a copay is applied instead of coinsurance. At the average coinsurance amount, monthly cost sharing for a single innovator diabetes medication could range anywhere from about \$20 to \$250, depending on the total cost of the drug.

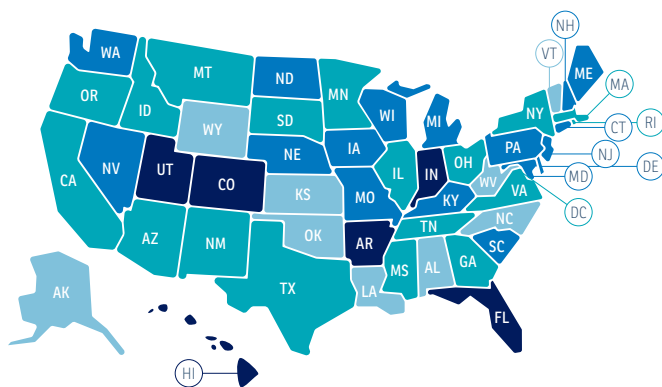
These cost-sharing details do not reflect cost-sharing subsidies for exchange plan enrollees with incomes below 250% of the federal poverty level; however, exchange plans have flexibility in how they implement cost-sharing reductions and are not required to apply reductions to medicines.

EXCHANGE PLAN COVERAGE AND COST SHARING FOR DIABETES MEDICINES VARY ACROSS STATES



Average coinsurance for innovator diabetes medicines in exchange plans in some states can be as high as 35%, potentially making access to diabetes medications unaffordable for some patients.

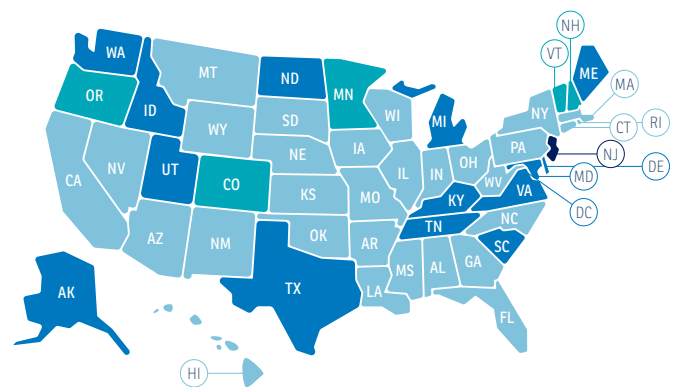
Percent of the Time Innovator Diabetes Medicines are on Formulary



40-77%
78-86%

87-93%
94-100%

Use of Coinsurance of at Least 30% for Diabetes Medications



0-20%
21-40%

41-60%
61-75%

¹ 2012 Diabetes Report Card. Centers for Disease Control.

² Innovator medications are brand-name medications that have no generic alternative. Includes single-source medicines in the following USP classes: sympathomimetic bronchodilators and inhaled corticosteroids.

³ Avalere Health PlanScape®, a proprietary analysis of exchange plan features, March 2015. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.

⁴ Kaiser/HRET Survey of Employer Sponsored Health Benefits 2014.

⁵ Avalere PlanScape®, a proprietary analysis of exchange plan features, December 2014. Avalere analyzed data from the FFM Individual Landscape File released November 2014 and the California and New York state exchange websites.