ACCESS TO DIABETES MEDICINES IN EXCHANGE PLANS

The annual number of patients who were newly diagnosed with diabetes has tripled in the past twenty years, and type 2 diabetes accounts for 95% of diagnosed diabetes in adults.[1] As many previously uninsured people enroll in exchange coverage and access primary care, the diagnosed cases 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 new health insurance exchanges cover single-source (defined as medicines for which a generic equivalent is not available) diabetes medicines. Key findings are primarily based on an analysis of 84 plans in the 15 states with the highest expected exchange enrollment for 2014.[2]

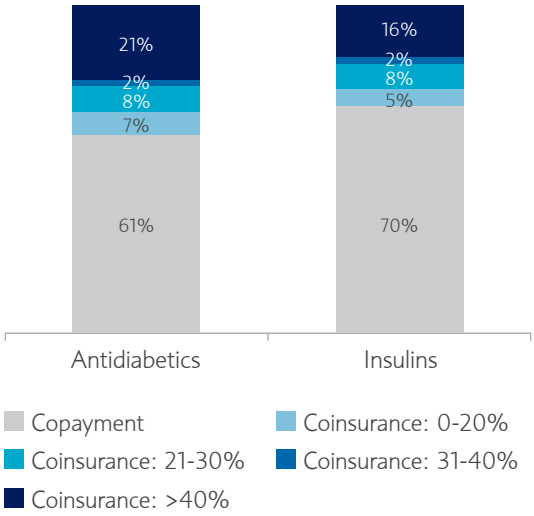
COVERAGE & ACCESS FOR DIABETES MEDICINES

High cost-sharing for diabetes medicines in some plans may present a barrier to access.

Formulary Coverage: Certain types of medicines are often excluded from the formulary.

- Exchange plans cover an average of 57% of diabetes medicines.[3]
- A sample of employer plans[4] covers a similar share of these medicines (61%).
- Plans in this analysis cover diabetes medicines generously relative to other classes of medicines, and most far exceed the minimum number of chemical entities required by the essential health benefits (EHB) rules governing coverage of medicines under the Affordable Care Act. Nonetheless, the most innovative therapies may be excluded, even if they have better outcomes, such as less weight gain.[5]

Frequency of Copayment vs. Coinsurance by Amount for Diabetes Medicines in Silver Plans



Cost-Sharing: Medicines to treat diabetes are sometimes subject to high coinsurance.

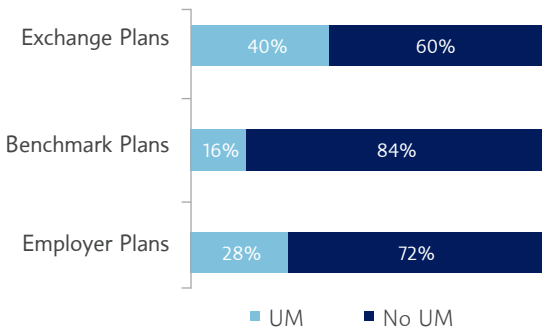
- Coinsurance of more than 40% is required for antidiabetics 21% of the time.
- Coinsurance of more than 40% is required for insulins 16% of the time.
- At this level of coinsurance, annual out-of-pocket costs could range from $600 to $4,000 for insulins and from $195 to $1,150 for antidiabetics.[6]
- Unlike most employer plans,[7] many plans in exchanges have a global deductible for all coverage, including medicines. These deductibles average about $2,500 in silver and $4,300 in bronze plans.
- These cost-sharing details do not reflect subsidies for enrollees with incomes below 250% of poverty; however plans have flexibility in how they implement these subsidies, and many plans still have coinsurance levels of more than 30% for higher formulary tiers.[8]

Analytics by Avalere Health. Developed by PhRMA.

Access Limits: Diabetes medicines are more likely to be subject to step therapy or prior authorization in exchange plans than in employer or benchmark plans.

- An analysis of the 2014 version of essential health benefit benchmark formularies in 12 states found that these benchmark formularies require utilization management for diabetes medicines less often compared to exchange plans (40% compared to 16% for single-source diabetes medicines, when listed).
- When covered, diabetes medicines are subject to utilization management 40% of the time in exchange plans, compared with employer plans, which impose restrictions 28% of the time.
  - Antidiabetic medicines newest to market[3] are subject to utilization management 56% of the time in exchange plans.

Utilization Management of Single-Source Diabetes Medicines



VARIATION ACROSS STATES

Exchange plans in states expected to have the greatest exchange enrollment fail to cover many diabetes medicines.

- 9 of the top 15 states by expected exchange enrollment cover less than 60% of single-source diabetes medicines on the market.
- Plans in Georgia, Indiana, and Ohio, New York cover fewer than half of the single-source medicines available, on average.

[1] 2012 Diabetes Report Card. Centers for Disease Control.
[2] Silver plans in AR, CA, FL, GA, IL, IN, MI, NC, NJ, NY, OH, PA, TX, VA, WI.
[3] Includes medicines in 2 USP classes, antidiabetics and insulins.
[4] Employer-sponsored insurance (ESI) data based on 2013 formularies from the following plans: the largest federal employee health plan (FEHBP); a large public, non-governmental, self-insured employer plan; a large, self-insured employer plan; a national carrier plan sponsored by a large employer; and a national carrier plan sponsored by a mid-size employer.
[5] Some long-acting insulins administered once a day result in less nocturnal hypoglycemia and less weight gain when compared with shorter-acting insulins administered multiple times a day. Rosenstock J, Schwartz SL, Clark CM Jr, et al. Basal insulin therapy in type 2 diabetes: 28-week comparison of insulin glargine (HOE 901) and NPH insulin. Diabetes Care 2001; 24:631.
[6] Medicine prices include for single-source medicines covered under prescription benefit.
[7] Kaiser/HRET Survey of Employer Sponsored Health Benefits 2013.
[8] Avalere March 2014 analysis of HHS Landscape File.