

# Cancer Drug Coverage and Transparency in California Marketplace Plans 2016



In 2014<sup>1</sup> and 2015,<sup>2</sup> the American Cancer Society Cancer Action Network (ACS CAN) analyzed coverage of cancer drugs in the health insurance marketplaces created by the Affordable Care Act (ACA) and found that transparency of coverage and cost-sharing requirements were insufficient to allow cancer patients to choose the best plan for their needs. For the 2017 plan year,<sup>3</sup> we updated our previous research, examining coverage of 22 cancer drugs (including 8 drugs which are exclusively intravenously (IV) administered drugs) across silver plans sold in six marketplaces – Alabama, California, Colorado, Nevada, New Jersey and Texas. In total, we looked at 33 silver plan formularies – including 11 formularies for plans sold in California – and found that coverage transparency has improved somewhat since 2015, but significant barriers remain for cancer patients. The following provides a snapshot of our research with respect to plans sold on the California marketplace.

## Formulary Transparency

When shopping for health insurance coverage, it is important for consumers – particularly cancer patients – to review a health insurance plan's formulary to determine whether the plan covers the prescription drugs the individual needs. Ideally, a plan's formulary should be keyword searchable so that the consumer can more easily find whether the plan covers her drug and if so what her cost-sharing would be. In California, we examined 11 formularies for all silver plans sold in the state. California plans are sold on the state-based marketplace website. Formulary links are available through a dedicated webpage that provides a range of information about prescription drug benefits available through the marketplace; however, this page is separate from the website's window shopping experience, which does not include formulary links. As a result, only 36 percent of formularies could be found through a direct link from the state exchange website.

	California	Total Average Across States Examined
Percentage of Formularies with direct link	36%	48%
Percentage of formularies with broken link	0%	12%
Average number of clicks for non-direct or broken links	2.71	2.88

<sup>1</sup> [https://www.acscan.org/sites/default/files/Marketplace\\_formularies\\_whitepaper.pdf](https://www.acscan.org/sites/default/files/Marketplace_formularies_whitepaper.pdf).

<sup>2</sup> <https://www.acscan.org/policy-resources/acs-can-examination-cancer-drug-coverage-and-transparency-health-insurance>.

<sup>3</sup> INSERT LINK TO WHITE PAPER WHEN PUBLISHED.

Direct links to plans' formularies are ideal because when consumers have to go through multiple clicks to find a plan's formulary, it not only becomes a more cumbersome process, but also increases the chance of broken links and consumer error. More positively, all formularies were keyword searchable, and all but one formulary matched the number of tiers listed on the state exchange website. It is important for formulary information to be transparent to consumers to ensure consumers get access to accurate information.

	California	Total Average Across States Examined
Percentage of formularies that were keyword searchable	100%	100%
Percentage of formularies for which cost-sharing tiers listed didn't match Marketplace website	9%	27%

## Cost-Sharing Tier Placement

Formularies have different tiers -- the higher the tier, the more the individual will pay for the drug. Our analysis found that most cancer drugs were placed on the highest cost-sharing tier. The placement of all or nearly all cancer drugs on the highest cost-sharing tier, including generics, in many plans appears not to be designed to encourage the use of cheaper or more effective alternatives, but to extract the maximum patient cost-sharing for all cancer drugs. For example, the generic for Gleevac, Imatinib Mesylate, was placed on the highest cost sharing tier in 63% of formularies examined in California. Additionally, 27percent of formularies placed both the brand and generic version of Gleevac on the highest cost sharing tier. This could be an example of adverse tiering, where insurers all medications that treat a disease on the most expensive tier, to discourage those with the disease, from buying the plan.

<i>Among formularies covering each drug, percentage providing coverage on the highest cost-sharing tier</i>	California	Overall Average Across States Examined
Gleevac	57%	81%
Imatinib Mesylate (oral, generic)	63%	62%
Etoposide Phosphate (oral,IV, generic)	50%	41%
Votrient	100%	90%
Xalkori	100%	90%
Zelboraf	100%	90%
Inlyta	100%	62%
Revlimid	82%	88%
Sutent	100%	85%
Tarceva	100%	91%

<i>Among formularies covering each drug, percentage providing coverage on the highest cost-sharing tier</i>	California	Overall Average Across States Examined
Tykerb	90%	91%
Zykadia	100%	87%

## Coinsurance versus Copayments

Due to California's standard benefit design for all silver plans, all plan formularies used coinsurance on the highest cost-sharing tier, meaning that consumers using these drugs must pay a percentage of the cost of their drugs rather than a flat copayment. Coinsurance is not transparent for patients shopping for coverage, as no information on the negotiated drug price for particular insurers and pharmacies is available. While coinsurance can be extremely expensive, California silver plan enrollee have a degree of financial protection as all drugs placed on the highest tier have a cap of \$250 per prescription per month. However, for patients taking multiple medications, this cost may still but treatment out of reach.

## Drug Coverage

Overall, we examined the extent to which plans covered 22 cancer drugs we selected. We selected these drugs to provide coverage for a wide range of cancers and to investigate a mix of oral and IV drugs. Eight of our selected drugs are available exclusively intravenously (IV). In general, IV drugs frequently are covered under a health plan's medical, rather than prescription drug benefit, our study found they frequently are not listed on prescription drug formularies. This data supports the need for legislative or regulatory efforts to improve transparency around coverage and patient costs for drugs covered under a plan's medical benefit.

<i>Coverage of IV medications</i>	California	Overall Average Across States Examined
Arzerra	9%	24%
Empliciti	0%	3%
Keytruda	27%	24%
Opdivo	9%	9%
Taxol	0%	0%
Avastin	18%	15%
Herceptin	18%	18%
Rituxan	82%	64%

To further examine whether a prospective enrollee could find coverage and cost information for IV drugs, we called the customer service phone number listed for two different health plans (referred to Plan A and Plan B) and attempted to obtain information regarding the plan's coverage of two drugs (Taxol or Herceptin), which are more likely to be covered under a plan's medical benefit. A customer service representative from Plan A was able to inform us that both drugs were covered, though the amount of the cost-sharing would depend on the plan. When we attempted to obtain coverage information from Plan B, we were directed to the California marketplace (Cover California). When we contacted Covered California, we were unable to obtain coverage information and were told we would need to file an exception letter in order to obtain coverage.