

Cancer Drug Coverage and Transparency in New Jersey Marketplace Plans 2016



In 2014¹ and 2015,² 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,³ 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 two formularies for plans sold in New Jersey – 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 New Jersey 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. New Jersey plans are sold on the Federally-facilitated Marketplace (FFM) website where links to each plan formulary are provided under the “plan details” section. The formulary and tiering information on healthcare.gov should match the formulary and tiering information on individual plan websites. While the formularies were keyword searchable, the number of tiers listed on the marketplace website did not match the number of tiers listed on the actual formulary document for either carrier.

	New Jersey	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	100%	27%

It is important for formulary information to be transparent to consumers to ensure consumers get access to accurate information. Direct links to plans’ formularies are ideal because when

¹ https://www.acscan.org/sites/default/files/Marketplace_formularies_whitepaper.pdf.

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

³ INSERT LINK TO WHITE PAPER WHEN PUBLISHED.

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.

	New Jersey	Total Average Across States Examined
Percentage of Formularies with direct link	0%	48%
Percentage of formularies with broken link	50%	12%
Average number of clicks for non-direct or broken links	4	2.88

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 one plan's formulary placed most cancer drugs analyzed on the highest cost-sharing tier, while another plan only placed one drug on the highest tier. Plans that place most cancer drugs on the highest cost sharing tier appear 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.

<i>Among formularies covering each drug, percentage providing coverage on the highest cost-sharing tier</i>	New Jersey	Overall Average Across States Examined
Gleevac	100%	81%
Votrient	50%	90%
Xalkori	50%	90%
Zelboraf	50%	90%
Mesylate (generic)	0%	62%
Inlyta	50%	62%
Revlimid	50%	88%
Sutent	50%	85%
Tarceva	50%	91%
Tykerb	50%	91%
Zykadia	50%	87%

Coinsurance versus Copayments

In New Jersey, all silver plans 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. In addition, coinsurance can be extremely expensive for the consumer.

Of the silver plans examined in New Jersey, 100 percent (9 of 9 unique plan designs) required coinsurance on the highest tier, with the median coinsurance percentage of 50 percent (the highest percentage of states analyzed in this report).

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>	New Jersey	Overall Average Across States Examined
Arzerra	0%	24%
Empliciti	0%	3%
Keytruda	0%	24%
Opdivo	0%	9%
Taxol	0%	0%
Avastin	0%	15%
Herceptin	0%	18%
Rituxan	0%	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. For Plan A, it took five touch-tone clicks to speak to a customer service

representative. When asked about coverage of these two drugs, we were informed that medical benefit drugs are always covered so it didn't matter the type of drug. When we called Plan B and attempted to speak to a customer service representative, we were told that our call was to be disconnected for "technical difficulties" and to try again later.