



Specialty Tier Reform Update – Week of May 4, 2015

By Mark Hobracz, JD, MPA

STATES

Drug pricing transparency bills continue to proliferate despite early failures

The Assembly Health Committee in California rejected a measure last week that would have required that drugmakers report production costs for specialty drugs costing more than \$10,000 per year. Under A.B. 463, the information that would be furnished to the Office of Statewide Health Planning and Development includes cost data related to acquisitions, clinical trials, marketing, profits, and research and development. In addition, manufacturers would have to detail the level of financial assistance provided to patients through various third-party programs.

The measure was thought to be the first of its kind in the nation but faced intense industry opposition. Bill sponsor David Chiu (D) has pledged to introduce a revised version next session.

Even though a similar measure also failed in the Oregon legislature (H.B. 3486), other bills seeking to publicize manufacturer costs and profits for specialty drugs have surfaced in states like Massachusetts (S.B. 1048), North Carolina, and Pennsylvania (H.B. 1042).

The Pharmaceutical Research and Manufacturers of America (PhRMA) insists that the data sought by these bills are largely proprietary and not required for any federal or state programs. The chief executive for California Association for Health Plans, which backed Rep. Chiu's bill, acknowledged that some of the pricing information may be unobtainable but insisted that the legislation was needed to for "starting a conversation....about why these drugs are priced so high."

California

Health committee passes amended measure to limit out-of-pocket costs for prescription drugs

The Assembly Health Committee passed the amended version of A.B. 339 last week on a 12-5 vote. The measure would specifically limit cost-sharing to 1/24 of the annual out-of-pocket (OOP) limit applicable to individual coverage for a supply of up to 30 days, similar to last year's version that included a limit of 1/12 of the OOP limit (see Specialty Tier Reform Update for Week of April 13th). It also retains a provision barring plans from placing most or all of the drugs to treat a specific condition on the highest cost tiers of a formulary.

The initial version of the legislation has required simply that cost-sharing for all outpatient prescription drugs to be "reasonable" to ensure access (see Specialty Tier Reform Update for Week of February 16th). It now heads to the Appropriations Committee.