



Specialty Tier Reform Update – Week of July 6, 2015

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STATES

California

Senate committee substantially amends bill to limit prescription drug cost-sharing

The Senate Health Committee has scheduled a July 15th hearing on legislation that would limit out-of-pocket costs for prescription drugs, after amending the bill for the second time in three weeks.

The latest changes to A.B. 339 would now place a limit of \$250 for a supply of up to 30 days on a single prescription for an outpatient drug. Earlier versions sought a limit of 1/24 of the annual out-of-pocket limit under the Affordable Care Act (see Specialty Tier Reform Update for Week of June 22nd).

As amended earlier by the Assembly, the limit will apply only to covered outpatient drugs that constitute essential health benefits under both group and individual plan (see Specialty Tier Reform Update for Week of May 25th).

The committee relaxed the controversial prohibition sought by several states that would prevent plans from placing most or all of the drugs to treat a specific condition on the highest cost tiers of a formulary (see Specialty Tier Reform Update for Week of February 16th). A.B. 339 now only bars plans from placing “more than 50% of drugs approved by the Food and Drug Administration that are in the same drug class into the two highest cost tiers” of a formulary.

The committee further removed a provision stating that cost-sharing limits for high deductible health plans would not apply until an enrollee’s deductible had been satisfied for the year.

A.B. 339 also now includes language that “would require a health insurer that provides coverage for outpatient prescription drugs to provide coverage for medically necessary prescription drugs, including those for which there is not a therapeutic equivalent, and....require[s] copayments, coinsurance, and other cost sharing for outpatient prescription drugs to be reasonable.”