ALASKA STATE LEGISLATURE

State Capitol Building
Juneau, Alaska 99801-1182

Sponsor Statement House Bill 218

"An Act prohibiting an insurer from using a drug formulary system of specialty tiers under certain circumstances."

Specialty medications used to treat complex chronic diseases continue to be the fastest growing segments of overall drug spend. While traditional drug spend slowed to an increase of only 1.5% in 2008, specialty drug spend continued its steady climb, increasing 15.4%*

House Bill 218 protects patients with critical illnesses from sudden changes in their drug treatment and therapy protocols which may un-expectantly deprive the patient from critical therapies due to the inability to pay for the drug or sufficient time to plan alternative financial or therapeutic strategies.

Currently, insurance companies can change their reimbursement policies with only a 30 day notice, often forcing the patient to absorb thousands of dollars of unexpected costs for expensive specialty drug therapy. By extending the notification period the savings for the patient will be absorbed by rest of the policy holders on the plan.* This may give the patient additional time to explore other options which may allow for a transition to a more affordable plan with similar therapeutic results.

Without these specialty drugs quality of life deteriorates and long term health care costs may increase. Additionally, cost savings may be achieved by exploring options like management through specialty pharmacies that use drug-utilization monitoring specifically designed for hard to manage conditions.

*2008 Specialty Drug Trend Report, Cura Script Specialty Pharmacy