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Representative Wes Keller, Chair
House Health & Social Services Committee
Alaska State Capitol
Juneau, AK, 99801

Re: House Bill 218: Oppose

Dear Representative Keller:

Medco Health Solutions regrets that it must respectfully oppose House Bill 218 requiring plans to provide 90-day notice of changes in copays/coinsurance for specialty prescription drugs. Medco is the parent company of Accredo Health Group, one of the nation's leading specialty pharmacies. Our clients including public and private payers, union trusts and health plans, rely on us to help manage their specialty drug costs.

According to the Utilization Review Accreditation Committee (URAC), "Specialty drugs or pharmaceuticals usually require special handling, administration, unique inventory management, a high level of patient monitoring and more intense support than conventional therapies. They could include all routes of administration."

Specialty drugs are very expensive, sometimes as much as \$10,000/month or more. If a plan changes from a fixed copay for a specialty drug to a percent copay, it is possible that patients will see an increase in their monthly cost. It would be highly unusual for a plan to make this change in the middle of a benefit year. However, as our clients attempt to manage their costs, they may make a change at the start of the benefit year. Plan members are notified in advance of changes in the benefit cost structure. In our experience, usually a plan that goes from a fixed copay to a percentage copay will place a cap on the copay - say \$250 per prescription. So, circumstances wherein the cost, for example increases from \$100 to \$1,000 is extraordinarily rare.

The average cost for a generic Rx at retail is \$25.00 and the average copay is about \$8.00 or a 34% member cost share. The average cost for a brand at retail is about \$150 and the average brand copay is \$30.00 or about a 20% member cost share. The average cost for a specialty Rx at retail is between \$1,500 & \$2,000. Plans generally seek to maintain a 20-25% member cost share in order to help them control costs. If we look into the future we find that by 2013, 80% of prescriptions will be generics and this will represent about 25% of plan costs, 19% of

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prescriptions will be for non-specialty brands which will represent about 55% of plan costs, and specialty brands will be about 1% of prescriptions and 20% of plan costs.

Plan sponsors typically provide members with a 30 day notice prior to implementing a benefit change. HB 218 requires plans to provide 90-day notice of changes in the cost sharing requirements for drugs in a specialty tier. In late September, the federal Affordable Care Act will require plans to provide 60 day notice. HB 218 creates a conflicting standard that will create unnecessary duplication and confusion in the marketplace as plans are required to send 90-day and then 60 day notices to patients regarding the same benefit change.

For these reasons, we respectfully must oppose HB 259. Please feel free to contact me with questions.

Sincerely,

CYNTHIA M. LAUBACHER
Senior Director, State Government Affairs