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Medical
Association
of Georgia

Building a Better State of Health Since 1849

Office of the President

April 7, 2016

Via Email ralph@ralphudgens.com

Commissioner Ralph T. Hudgens
Office of Insurance and Safety Fire Commissioner
Two Martin Luther King, Jr. Drive
West Tower, Suite 704
Atlanta, Georgia 30334

RE: Specialty Tier Prescription Medication Transparency

Dear Commissioner Hudgens:

With more than 7,800 members, the Medical Association of Georgia (MAG) has been the leading voice for physicians in the state since 1849. Since MAG strives to help Georgia ensure that its citizens have access to affordable health care and, I am writing to enlist your help to address the specialty prescription drug tier system that insurance companies use to help control costs in the state.

Insurers use this tier system to divide the drugs into different levels to control costs. Unfortunately, the net result is that our patients are being forced to pay exorbitant out-of-pocket costs for the critical medication they need. This is especially true for specialty biologic medications, which are used to treat chronic illnesses such as rheumatoid arthritis, lupus, scleroderma, Hepatitis C, immune deficiencies, Crohn's diseases and hemophilia, and multiple sclerosis, and life-threatening conditions like HIV, breast cancer, colorectal cancer and leukemia.

Insurers manipulate these tiers to shift costs to patients by incentivizing them to use less expensive and potentially less effective drugs – keeping in mind that the out-of-pocket costs for the drugs that carry a “specialty tier” designation can sometimes exceed 24 to 32 percent of the cost of the medication. Specialty medications now account for more than 25 percent of what is spent on prescription drugs in the U.S. – a number that is expected to climb to 50 percent by 2018, according to a 2014 *Health Affairs* report.

It is also important to note that reduced utilization and non-adherence of these specialty-tiered drugs increase the state's costs by putting patients, especially those with chronic conditions, at risk as a result of complications that lead to more physician and emergency room visits and lost work days and related disabilities. The Milken Institute reported that more than 109 million Americans had at least one of seven of the most common chronic diseases (cancer, diabetes, hypertension, stroke, heart disease, pulmonary conditions and mental disorders) in 2007 and that that number is projected to increase by at least 42 percent by 2023.

MAG believes that physicians should be the clear and primary authority when it comes to the drugs that are prescribed in Georgia. MAG further believes that the health insurance companies and pharmacy

benefits managers that operate in this state have an ethical obligation to provide patients with the benefits that they are led to believe they will receive when they enroll in a plan.

With that in mind, MAG would like to encourage you to require health insurance companies and pharmacy benefits managers to become more transparent about their formulary drug lists and costs and the prior authorization procedures they use by requiring insurers to make this information readily available on their websites and holding them accountable for providing patients with the benefits that they are led to believe will receive when they enroll in a plan.

Please contact MAG Legal Counsel Trish Yeatts at pyeatts@mag.org or 678.303.9274 with any questions, and please accept my sincere thanks for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "John S. Harvey". The signature is fluid and cursive, with a large, sweeping flourish at the end.

John S. Harvey, M.D.
President

JSH:PY/dg

cc: Patricia Yeatts, MAG Legal Counsel
Scott Sanders, OCI Assistant Director