## Importance of Robust Coverage for Diabetes

Patients with diabetes must have access to medication therapies that help keep their blood glucose levels in the normal range. Though there is no cure for diabetes, diabetes medications often meaningfully improve patients' health and quality of life. People with type 1 diabetes must rely on insulin to manage their condition, while people with type 2 diabetes often use medications in conjunction with standard meal planning and exercise programs to keep diabetes in check. Finally, some people with diabetes need access to combination products when individual therapies have not delivered the desired effects. Access to diabetes medicines is important not just for controlling diabetes, but also for preventing other health problems. Diabetes patients who are treated with diabetes medicines are 31% less likely to develop lipid disorders and 13% less likely to develop high blood pressure than untreated patients.[i]

## Benchmark Coverage for Diabetes Therapies

Meaningful access to medicines requires both broad formularies and affordable cost sharing. Information on cost sharing and the use of utilization management techniques such as prior authorization will be available starting in October 2013 when open enrollment begins. Currently, it is only possible to directly assess the required number of medicines to be included in the formularies in each state through an analysis of Essential Health Benefit (EHB) coverage requirements. For this analysis, requirements for coverage of two of the classes of medicines used to treat patients with diabetes highlights the risk that plan formularies may provide poor coverage of diabetes medicines in some states. To comply with EHB requirements, plans must cover at least the number of medicines in each USP category and class as the state-selected benchmark plan. However, benchmark plan coverage differs widely, leaving patients in some states vulnerable to limited formularies. For example:

- Essential Health Benefit (EHB) plans in 7 states would be permitted to cover less than 75% of therapies in the Antidiabetic Agents class; in 2 of these states, plans could cover less than 25% of these medicines.
- EHB plans in 8 states would be permitted to cover less than 75% of therapies in the Insulins class; in 2 of these states, plans could cover less than 25% of these medicines.

## Formulary Standards and Counting Rules

The EHB counting standards ignore some key distinctions between medicines, potentially leading to Exchange plans having narrower formularies than the benchmark plans. For example, these standards do not recognize the importance of combination therapies, extended release medicines, and newly approved medicines. While these requirements may help plans manage costs, they may fail to protect patient access to critical diabetes medicines.

**Combination Therapies**. Most combination therapies will not be counted towards meeting EHB standards if the individual components are already covered by a plan, leaving plans with less incentive to cover these products.

- Over the previous decade, combination products have become increasingly vital treatment options for serious conditions like diabetes. Combination therapies reduce pill burden and increase compliance for patients, who are often taking multiple medicines several times per day.

**Extended Release Medicines**. Similar to combination products, CMS does not recognize differences between extended release and conventional dosage forms of a single medicine.

- Medicines with time release technology, including extended release products, are commonly prescribed. These products allow patients to take medications less frequently, thereby increasing adherence and helping patients maintain better control of their condition.

# Coverage for Diabetes Medicines under Essential Health Benefits

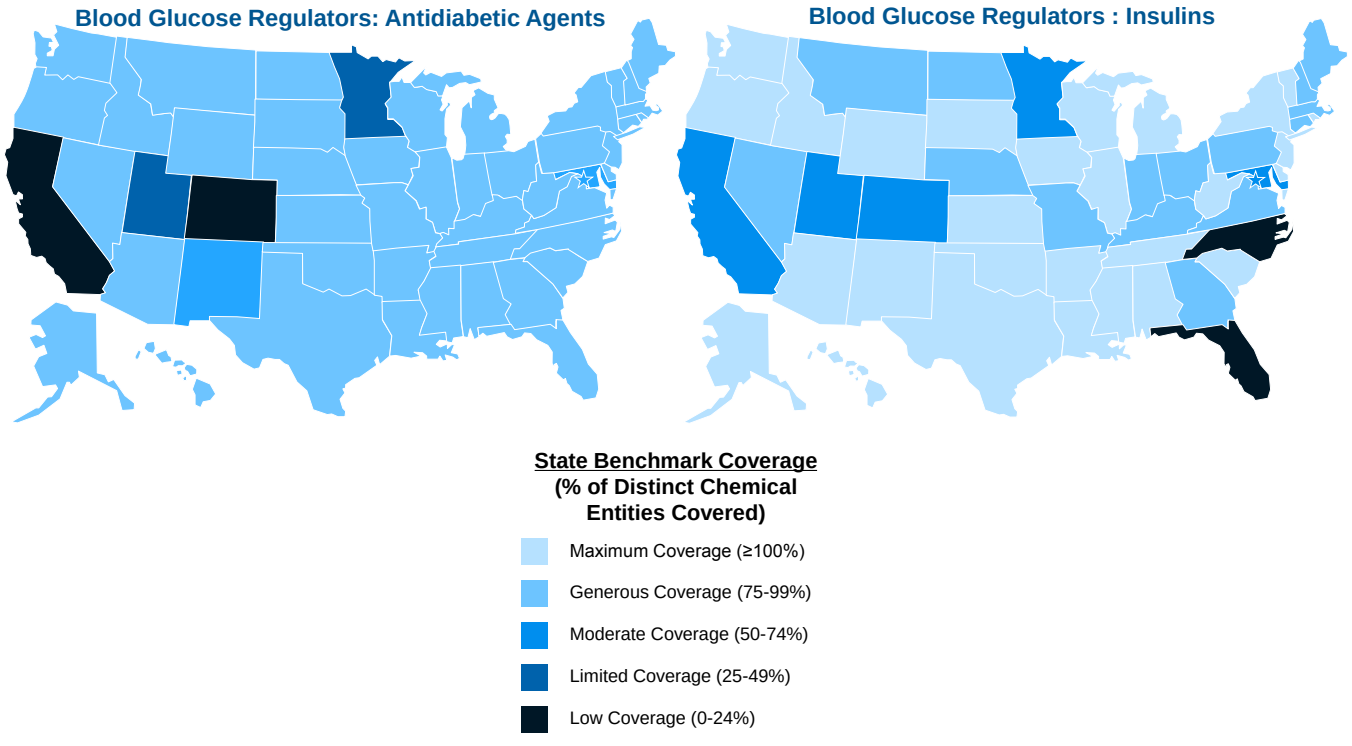
**Newly Approved Medicines**. The Department of Health and Human Services has not released guidance related to coverage of newly approved medicines or coverage of medicines that are FDA-approved in the middle of the benefit year.

- While plans have flexibility to add new medicines to their formulary mid-year, it is not required.
- Plans also could remove a medicine when adding a new medicine to the formulary (subject to state law), as long as they cover the required number of medicines in the class.

## Role for States in Ensuring Good Coverage

The ACA requires EHB plans to offer coverage typical of the employer market and that does not discriminate against individuals because of their age, disability, or expected length of life. States play a critical role in meeting these standards by choosing a benchmark plan, reviewing plan formularies, and providing oversight to ensure that plans meet non-discrimination standards. There are several options for states to minimize the risk for discrimination. First, states can undertake non-discrimination reviews that encompass medication tier placement, cost sharing and utilization management. Non-discrimination reviews should ensure that EHB plan formularies enable patients to receive the standard of care for diabetes. Second, states can incorporate other oversight activities, such as distribution of a class of medicines across formulary tiers. Third, states can provide oversight to ensure a timely and fair appeals process for individuals seeking access to a medication that is not on their plan's formulary. These activities could limit the potential for plans to discriminate against patients with specific chronic conditions and could also help prevent plans from providing a much narrower benefit package than is typically seen in the employer market.

## Appendix: Benchmark Coverage by State




[i] PharMetrics, Examination of Treatment Patterns and Effects of Medication-Taking Behaviors Among Patients with Diabetes, (Watertown, MA: PharMetrics, 2004) (research supported by PhRMA).

*Data and analysis by Avalere Health with funding from PhRMA*