



121 STATE STREET
ALBANY, NEW YORK 12207-1693
TEL: 518-436-0751
FAX: 518-436-4751

April 15, 2010

Re: An act to amend the public health law and the insurance law, in relation to cost-sharing, deductible or co-insurance for tier IV prescription drugs; and to amend the executive law, in relation to unlawful discriminatory practice in relation to tier IV prescription drugs.

ON CODES AGENDA

A. 8278 (Kellner)
S. 5000-A (Duane)

MEMORANDUM IN OPPOSITION

Submitted on behalf of the
Blue Cross and Blue Shield Plans

The Blue Cross and Blue Shield Plans of New York oppose enactment of this legislation which attempts to protect New Yorkers with certain medical conditions from being singled out by prescription drug plans for increased cost-sharing responsibilities. While this is certainly a laudable goal, such protections are already in place in New York. Legislating a solution in search of a problem will at best have no impact on the current regulation of prescription drug programs in New York and, at worst, may limit future options for developing creative solutions to control the cost of prescription drugs and health care generally. Such limitations are especially imprudent at this time as the State faces dramatic changes in both insurance markets and products resulting from federal reform. For example, as a result of health care reform, a new basic benefit package will be developed for the health care Exchanges where most small groups and individuals will be selecting coverage. It would be counterproductive to limit cost sharing and product selection prior to State's implementation of the new law.

Existing Insurance Department Regulation 62 prohibits coverage limitations which are based on “type of condition or treatment” and the Insurance Department has taken the position that prescription drug programs that single out medications such as those described in the Sponsor’s memo for increased co-insurance or co-payments are violative of Reg 62 because these policies single out a particular treatment or condition for increased cost-sharing. Any change to a policy in New York to include such a program would be reviewed and approved by the Insurance Department, which, in the past, has disapproved “4-tier” drug riders.

While the concerns expressed by the Sponsor may have basis in other States, Regulation 62 and the Insurance Department’s oversight have precluded such issues in New York. The fact that no such policy has been approved in New York is a testament to the Insurance Department’s regulatory oversight in this area.

This legislation is also technically flawed as it is overly broad and ambiguous and could easily be interpreted to reach prescription drug program constructs well beyond its stated target. For example, the bill’s current language could be read as requiring a plan to cover a “lifestyle” or elective prescription drug with no medical utility for which it would not typically provide coverage at all, and cost-sharing responsibilities for such drug could not exceed those imposed on non-preferred brand drugs. As policymakers and health plans work to develop solutions to the burgeoning cost of health care, this legislation could undermine the development of creative solutions to controlling prescription drug costs.

For all of these reasons, we oppose the enactment of this legislation.

Respectfully submitted,

HINMAN STRAUB P.C.
Legislative Counsel for the
Blue Cross and Blue Shield Plans.