

State of Idaho
DEPARTMENT OF INSURANCE

BRAD LITTLE
Governor

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DEAN L. CAMERON
Director

MEMORANDUM

DATE: February 11, 2019
TO: Senator Fred Martin
FROM: Director Cameron, Director
SUBJECT: Oral Chemotherapy

Chairman Martin,

Last March, I received the attached letter from some legislators regarding Oral Chemotherapy. I wanted to bring this to your attention and let you know that the Department has issued a response, also attached.

Please let me know if you have any questions.

Sincerely,



Dean L. Cameron
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Idaho Department of Insurance
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House of Representatives State of Idaho

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MAR 29 2018

March 27, 2018

MAJORITY CAUCUS CHAIRMAN

Director Dean Cameron
Department of Insurance
3rd Floor, 700 W State St,
Boise, ID 83702

Dear Director Cameron,

We would first like to thank you for your time and participation in the informational hearing for oral chemotherapy parity this legislative session. Thank you for coming and presenting the history and overview of this issue as well as an overview of the pharmacy benefit versus the medical benefit as that is a large part of this debate.

The topic of oral chemotherapy parity has been an ongoing discussion in our state for many years without resolve. We believe that there are disparities in the way the oral chemotherapy and intravenous chemotherapies are covered by insurance companies. In an effort to better understand the position that these disparities do or do not exist, we held this informational hearing so that all of the parties involved could come together and present their information regarding this issue. This hearing was a platform to move forward as a group under your guidance to identify issue and search for possible solutions. We appreciate your commitment to hosting and facilitating meetings with the many stakeholders during the interim, and we thank you for your assistance in gathering information surrounding this issue through the resources of the Department of Insurance and your staff.

It is noteworthy that among the many presenters at the informational hearing, absent was anyone representing the insurance industry, even though they had received a specific written request from the senate committee chairman to attend. In order for all of the stakeholders to better understand the industry's position, we request you ask the major insurance companies in Idaho to present their rationale for their patient cost-sharing model for IV cancer medicines and how it compares to their rationale for their patient cost-sharing model for oral cancer medicines in the pharmacy benefit.

We realize that their companies offer a wide variety of insurance plans in the individual and group markets in Idaho, and we are not asking you to collect data on all the various options. We would appreciate an outline however of the patient out-of-pocket costs based on their standard silver individual plans. This will allow us to see the comparison of out-of-pocket costs for both IV and oral chemotherapies.

Sincerely,

[Handwritten signatures of Sen. Stephen Hartnett and Rep. Judy Bools]

[Handwritten signatures of Rep. Ben F. Crone, Rep. Melissa Etheridge, and Sen. John V. Woude]

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DEAN L. CAMERON
Director

February 11, 2019

Senator Lee Heider
1631 Richmond Dr.
Twin Falls, ID 83301

RE: Oral Chemotherapy

Dear Senator,

Thank you for your letter of March 27, 2018. I wanted to take a minute to report back as to the actions that the Department of Insurance (DOI) and I participated in since that letter and to provide for you some up-to-date data and information as you consider this important public policy decision.

Please be aware we did this research and started this letter and the information contained herein prior to any piece of legislation being introduced. My response and this information are not intended to express a position of either the DOI or the Executive Branch on this issue.

After receipt of this letter, the DOI and I held multiple meetings with the insurance industry and met separately with proponents of oral chemo parity. At the meetings, we heard from proponents that: 1) Oral chemotherapy was not being paid by the carriers; 2) If it was being paid, it wasn't being paid in a beneficial manner as IV chemotherapy; 3) There were barriers to consumers receiving oral chemotherapy.

Following receipt of that information, we issued a data request to all carriers offering benefits in the individual and small group market. (We are unable to obtain information for self-funded plans or for plans that are in the large group market at this point.) After receiving hundreds of pages of data back from the carriers, our staff was able to analyze it and decipher it down into the attached document. The data collected represents over 200,000 covered lives in Idaho, which is, again, primarily those in the individual and small group market.

Although I would encourage you to read the attached sheet carefully, I thought I would point out a few key points.

1. Although this issue has been introduced for years, ten years ago, the Legislature working with carriers and advocates, agreed on a path where insurance carriers committed to pay for oral chemotherapy if it is most efficacious.
2. This study showed that 2,300 Idahoans are receiving oral chemotherapy versus 900 who are receiving IV infusion chemotherapy.
3. 2,000 of the 2,300 Idahoans who are receiving oral chemotherapy do so as a generic drug and therefore obtain their oral chemotherapy for an average cost of \$10.00.

4. However, in no event is the consumer paying more than the maximum out-of-pocket allowed under the plan, through medical or prescription.

On average, the data shows the cost to Idahoans is lower if processed as a prescription.

Let me conclude by thanking you for the opportunity to provide information to you and to provide this research. I'm more than happy to answer any questions that you may have or to pursue the issue further.

Sincerely,

Dean L. Cameron
Director, Idaho Dept. of Insurance



**2017 Medical and Prescription Chemotherapy Claims Results
Individual and Small Group Commercial Health Insurance Markets**

DOI requested oral and infusion chemotherapy claims data from major individual/small group market carriers. All carriers responded to the requests with frequency and severity claims data separated by medical service location or drug tier allocation. Please note that DOI has not validated the submitted data against any other dataset and must rely on the accuracy of each carrier's submission.

The data represented slightly under 200,000 covered lives through the individual and small group market in 2017, who had roughly \$800 million in claims.

Of those 200,000 lives, 900 received chemotherapy through IV/infusion (non-Rx) with 5,500 claims. There were 300 that took non-generic oral chemotherapy (Rx) with 1,800 non-generic oral chemotherapy prescriptions filled and 2,000 that took generic oral chemotherapy with 8,400 generic oral chemotherapy prescriptions filled.

There was a total \$20 million claims paid for non-Rx chemotherapy, of which 91% occurred at facilities and 9% occurred at professional settings. The average claim at facilities was \$4,500, and the average claim at professional settings was \$1,300.

There was a total \$11 million claims paid for Rx chemotherapy, of which 12% was generic drugs at an average cost of \$200 per script, 6% was brand name drugs at an average cost of \$1,700, 74% was specialty drugs at an average cost of \$6,200, and 8% was non-formulary but covered drugs at an average cost of \$10,500 per script.

Enrollee costs for all covered services are subject to any deductible, coinsurance, copays, and out-of-pocket maximums. Due to the high cost of chemotherapy, the average enrollee cost per service or script skews toward zero. The enrollee's cost for any specific service or prescription will vary greatly depending on the enrollee reaching the deductible or out-of-pocket maximum - much more than the coinsurance or copay for a given service or prescription.

In the 2017 data from carriers, the enrollee paid on average \$110 (or 2%) of the \$4,500 cost per treatment in a facility and \$80 (or 6%) of the \$1,300 cost per treatment in a professional setting. The enrollee paid on average \$15 (or 8%) of the \$200 generic prescription cost, \$150 (or 9%) of the \$1,700 brand name prescription cost, \$320 (or 5%) of the \$6,200 specialty prescription cost, and \$1,400 (or 13%) of the \$10,500 non-formulary but covered prescription cost.

2017 Non-Rx Chemotherapy Costs		\$20,000,000	Individual & Small Group	
Medical Service Location	Average Cost Per Claim	% of Total Medical Cost	Average Enrollee Cost Per Claim	Enrollee Paid Percentage
Facility	\$4,500	91%	\$110	2%
Professional	\$1,300	9%	\$80	6%
	Claims	Lives		
Total Medical	5,500	900		

2017 Rx Chemotherapy Costs		\$11,000,000	Individual & Small Group	
Prescription Tier	Average Cost Per Prescription	% of Total Rx Cost	Average Enrollee Cost Per Claim	Enrollee Paid Percentage
Generic	\$200	12%	\$10	5%
Brand	\$1,700	6%	\$150	9%
Specialty	\$6,200	74%	\$320	5%
Non-formulary	\$10,500	8%	\$1,400	13%
	Prescriptions	Lives		
Generic Rx	7,400	2,000		
Non-Generic Rx	1,800	300		
Total Rx	9,200	2,200	(some overlap generic/non-generic use)	

Senator Lee Heider
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Twin Falls, ID 83301

Senator Jim Guthrie
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