

Study: Medicare rules increase out-of-pocket costs of multiple sclerosis drugs

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Medicare patients with multiple sclerosis face skyrocketing out-of-pocket costs for therapies due to complicated insurance rules that force them to pick up an increasing share of the cost, according to new research.

Despite recent efforts to constrain escalating [costs](#), researchers with OHSU and the OHSU/Oregon State University College of Pharmacy in Portland, Oregon, found trends in insurance coverage that restrict access and saddle [patients](#) with increasing patient costs.

Medicare beneficiaries without low-income subsidies can expect to spend \$6,894 a year out of pocket for treatment of MS, concludes a study published in the February issue of the journal *Health Affairs*.

"It's a dysfunctional market that lacks the typical incentives for most other consumer products," said lead author Daniel Hartung, Pharm.D., M.P.H., associate professor in the OHSU/OSU College of Pharmacy. "Aside from the public optics, there are few incentives for companies not to raise prices. Most intermediaries in the drug distribution channel, including [drug companies](#), benefit from higher prices."

High prices negatively affect patients, even with insurance, because patient out-of-pocket costs are often directly tied to undiscounted drug list prices. Additionally, rising prices for MS therapies also seemed to correlate to increased use of restrictive policies by Medicare pharmacy plans.

In one telling example, researchers documented how patients who are prescribed the only generic drug in one class—glatiramer acetate—will pay more out of pocket than patients using any of the other brand-name drugs in the same class. The Bipartisan Budget Act of 2018 modified Medicare rules to reduce out-of-pocket costs for individuals through increased discounts provided by brand-name drug manufacturers. However, this change left individuals who use generic drugs with higher out-of-pocket costs for certain generic products.

"This is a pernicious effect of the release of a generic and an unfortunate effect of Medicare rules," said co-author Dennis Bourdette, M.D., professor and chair of neurology in the OHSU School of Medicine.

The authors noted that a proposal by the Trump administration would reduce this incentive disparity between brand-name and generic drugs. Depending on drug utilization patterns, the authors expect the administration's suggested changes would reduce total out-of-pocket spending for beneficiaries.

The study follows on previous research into the high cost of MS drugs led by Hartung and Bourdette.

"MS is emblematic of many chronic conditions whose treatment increasingly involves the use of high-cost specialty drugs that are often rigidly managed," the authors write.

Researchers also examined changes in requirements for prior authorization, a common insurance company strategy intended to manage or limit access to certain drugs. The study noted that rates of pre-authorization have increased from 61 percent in 2007 to as high as 90 percent in 2016. Yet narrowing options doesn't necessarily work for MS patients, the authors write, noting American Academy of Neurology guidelines stress patients and providers should have access to all

therapies because the effect varies from patient to patient. And, despite an increase in the number of therapies available to treat MS, the out-of-pocket cost to patients has continued to escalate.

"Despite increases in the number and diversity of disease-modifying therapies for MS, prices have risen rapidly over the past two decades," the authors write. "The rise in high coinsurance cost-sharing models, coupled with escalating [drug prices](#), means that patients will increasingly face prohibitive out-of-pocket spending."

More information: *Health Affairs* (2019). [DOI: 10.1377/hlthaff.2018.05357](https://doi.org/10.1377/hlthaff.2018.05357)

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