



NEW YORK STATE SENATOR

Liz Krueger

Senator Liz Krueger Moves to Stop "Anti-Insurance" Program Senate Democrats Unveil Plan to Bar New Prescription Drug Pricing System

LIZ KRUEGER April 22, 2008

State Senator Liz Krueger (D-Manhattan) joined her Senate Democratic colleagues and public health advocates today in calling for a ban on the new "Tier 4" pricing system, which could result in New York citizens facing thousand of dollars in additional drug costs.

Health Maintenance Organizations (HMOs) and Pharmacy Benefit Managers (PBMs) in other states have begun instituting a Tier 4 system for some high-cost drugs that effectively denies access to most consumers. Currently, New York insurers use no more than a three-tier pricing system, where patients pay a set dollar amount, based on whether the drug is generic, preferred, or non-preferred. Tier 4 would add a new level of pricing, which would require beneficiaries to pay a percentage of the total cost of high-priced medications. For example, under Tier 4 pricing in other states, co-pays can jump from \$25 per prescription up to \$325 or even as high as \$4,000.

"Under this new pricing system New Yorkers who desperately need their prescription drugs, would be left out in the cold," said Senator Krueger. "By definition, insurance is supposed to cover people in case of medical emergency. The reason people pay for insurance their whole life is to ensure that if they ever become sick or injured, they will receive the proper medical

treatment. Why would you pay for insurance only to learn it's not really there for you if/when you need it?"

People struggling with chronic and severe illnesses such as cancer, multiple sclerosis and hepatitis C depend on cutting-edge medications. However, these patients would see dramatic fee increases if the new Tier 4 system is adopted in our State. Instead of the standard co-pay, patients could see their monthly drug costs rise into the hundreds and even thousands of dollars.

At today's press conference, April Welles, a New York City woman suffering from multiple sclerosis, stated that the proposed Tier 4 pricing system would make her medication completely unaffordable by increasing her \$25 monthly co-payment to as high as \$735.

Citizen Action of New York, one of the founding members of the "Healthcare For All New York Campaign" came out in support of a ban on Tier 4. "Too often health insurance fails us when we really need it," said Pamela Bennett, Director of Citizen Action of New York City. "The insurance industry made \$15 billion in 2006, and health insurance and disability insurance CEOs averaged \$8.7 million in compensation. That same year drug companies were the second most profitable industry in the country with drug company CEOs averaging \$4.3 million in annual compensation. All this while working families are struggling to meet their healthcare costs."

Senator Krueger stressed, "This is not a partisan issue. This is about the well being of our New York citizens versus the bottom line of the Health Maintenance Organizations (HMOs) and the Pharmacy Benefit Managers (PBMs)."

The Senate Democrats will soon introduce legislation barring implementation of a Tier 4 pricing system in New York State. The legislation will require the Superintendent of

Insurance, Eric R. Dinallo, to deny Tier 4 plans and facilitate fair access to needed high-cost medications under Insurance Plans in NYS.

Senator Krueger concluded, "I know my Senate Democratic colleagues and I will be able to stand tall, knowing we did what was right. I now hope the Senate Republicans will join us in showing New Yorkers they care more about people's health than about who donates the largest campaign checks."