



Understanding Out-of-Pocket Expenses

By Abbie Cornett

SINCE THE BEGINNING of the year, I've been asked many times about an issue that greatly affects many patients' access to care: out-of-pocket expenses. In many instances, patients are unable to pay these expenses because they are so high. Understanding why out-of-pocket expenses have increased significantly requires a closer look at how the current system evolved.

necessarily helped patients with chronic or expensive diseases gain access to care. This is because many insurance plans place most medications prescribed for the chronically ill in specialty tiers. These tiers require patients pay high out-of-pocket costs, with co-insurance rates as high as 30 percent to 40 percent.

And, while the ACA places a maximum on the out-of-pocket expenses a patient

Maryland, already have laws that either set caps or monthly limits on out-of-pocket expenses. Other states are also beginning to address this issue. For instance, in Oregon, there are currently two such bills pending. One would cap copays at \$100 per 30-day supply. Another would place a cap of \$200 for specialty medicines. Similar bills have also been introduced in the Illinois Legislature.

Many chronically ill patients feel they are discriminated against by the practice of placing medication in specialty tiers, which creates a situation in which patients don't have affordable access to medication. In fact, in 2014, two leading national organizations — the National Health Law Program and the AIDS Institute — filed a complaint with the Office of Civil Rights at the U.S. Department of Health and Human Services (HHS) requesting officials take action against four insurers in Florida to end discrimination against patients. In addition, 300 patient groups submitted protest letters to HHS to complain of similarly discriminatory practices against patients.

Hopefully, with all the attention being brought to this issue by legislators and patient groups, the current policy will be changed to be more equitable for the chronically ill. As a patient advocate and a patient, I understand what a hurdle high out-of-pocket expenses can be to accessing treatment. No patient should have to endure overwhelming financial hardship to receive their medication. ■

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Out-of-Pocket Maximum/Limit

- The most you pay during a policy period (usually one year) before your health insurance or plan starts to pay 100 percent for covered essential health benefits.
- The limit must include deductibles, co-insurance, copayments or similar charges and any other expenditure required of an individual that is a qualified medical expense for the essential health benefits.
- The limit does not have to count premiums, balance billing amounts for non-network providers and other out-of-network cost-sharing, or spending for non-essential health benefits.
- The maximum out-of-pocket cost limit for any individual Marketplace plan for 2015 can be no more than \$6,600 for an individual plan and \$13,200 for a family plan.

Source: www.healthcare.gov/glossary/out-of-pocket-maximum-limit.

In 2014, the Affordable Care Act (ACA) required all healthcare plans that were not grandfathered to implement an out-of-pocket expenses maximum. For the plan year beginning Jan. 1, 2014, these maximums were set at \$6,350 for individuals and \$12,700 for families. Going forward, out-of-pocket maximums increase every year based on increases in the average per capita premium for health insurance coverage. In 2015, the maximums increased to \$6,600 per individual and \$13,200 for families.

Under the ACA, people who previously were uninsured can now have insurance coverage. However, the law has not

must pay, that maximum is still a very heavy burden for most chronically ill people. Further, many patients don't fully understand their out-of-pocket obligation until it's too late, when they realize they are unable to afford their medication under their chosen healthcare plan. Recent research shows that many patients either postpone getting their medications or forgo treatment altogether because they are unable to pay.

High out-of-pocket expenses affect the chronically ill more than the rest of the population — an issue that has come to national attention in a number of ways. Some states, including New York and