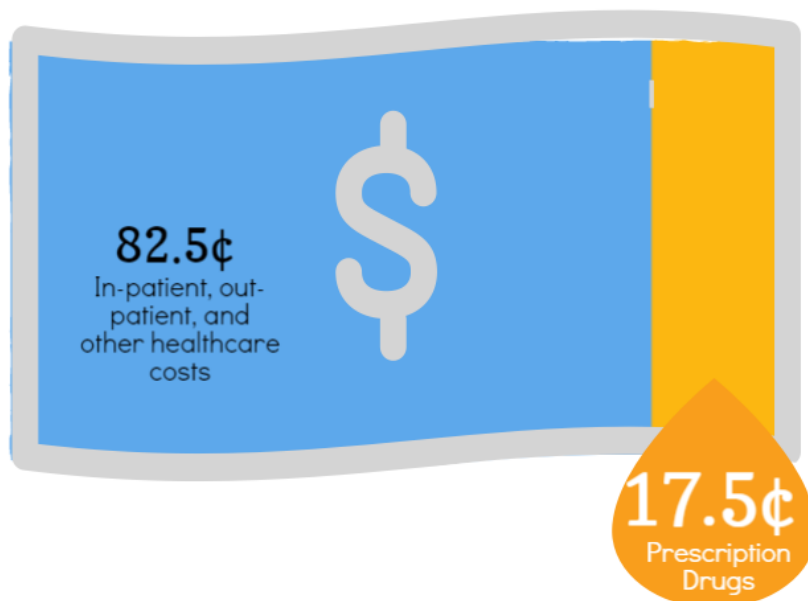


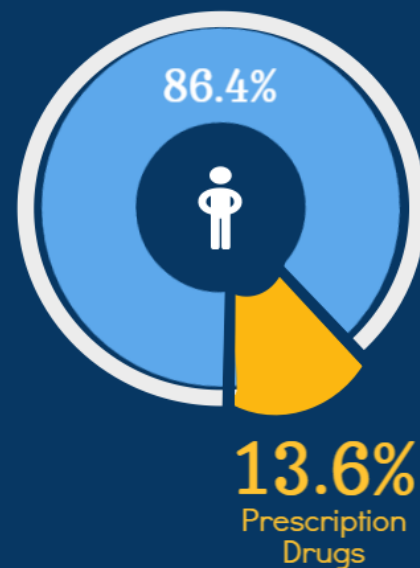
What Insurers Won't Tell You About Drug Costs

DRUGS ARE NOT DRIVING PREMIUM INCREASES

According to insurance company rate justifications, for every \$1 dollar increase in premiums for medical spending, just 17.5 cents are attributed to prescription drugs.



Prescription drugs account for only 13.6% of all healthcare expenditures.



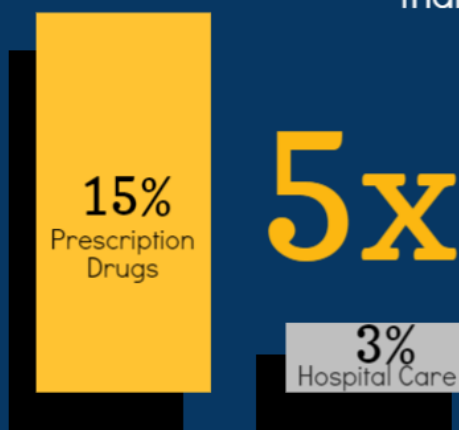
Private insurance companies spend almost as much on administrative costs as they do on prescription drugs.



CONSUMERS ARE PAYING MORE FOR LESS COVERAGE

Insurers make you pay 5x more in cost-sharing for prescription drugs than they do for hospital care.

Out-of-Pocket Ratio*



Top Three Increases in Cost-Sharing 2015-16

- 14% ↑ Copayments for nonpreferred drugs
- 10% ↑ Out-of-pocket limits
- 7% ↑ General annual deductibles

*The out-of-pocket ratio is out-of-pocket expenditures divided by total expenditures.

INSURERS DISCRIMINATE BY CHARGING EXCESSIVE COST-SHARING

ON ALERT

In 2015, the New York Attorney General investigated insurers that refused to cover drugs to cure Hepatitis C until the patient was in late-stage liver deterioration.

Some insurers require out-of-pocket costs of up to

50%

for drugs that cure or treat complex diseases such as Cancer, HIV, & Hepatitis C.

A 2015 Harvard study found 12 ACA plans that discriminated against HIV patients, causing them to pay \$3,000 more annually than patients on other plans.

HIGHER PREMIUMS MEAN HIGHER PROFITS

Net Price Increase

2.8%
Prescription
Drugs

6.0%
Insurance
Premiums

The net price increase of prescription drugs in 2015 was just 2.8%, which is on par with inflation. Meanwhile, insurance premiums increased by 6.0%.

At the industry level, insurers rank 17th in profitability while biopharmaceutical companies rank 45th.

Insurance companies blame drug prices as the cause of higher insurance premiums.

But they're not telling you the truth.

Sources: Avalere Health. 2014. "Consumers Likely Face High Out-Of-Pocket Costs for Specialty Drugs In Exchange Plans"; Avalere Health. 2015. "Health Insurance Premium Increases Largely Mirror Spending"; Gabel, J. et al. 2016. "Changes in Consumer Cost-Sharing for Health Plans Sold in the ACA's Insurance Marketplaces, 2015 to 2016." The Commonwealth Fund; Hughes, Claire. 2016. "AG settles with CDPHP over hepatitis C coverage" Times Union. May 18, 2016; IMS Institute for Healthcare Informatics. 2016. "IMS Releases 2016 Report on Prescription Drug Spending – Net Price Growth 2.8% in 2015"; Jacobs, D. et al. 2015. "Using Drugs to Discriminate - Adverse Selection in the Insurance Marketplace." New England Journal of Medicine; U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services. National Health Expenditures Data 2000-2014.



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