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## NEWS RELEASE

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### **NEW YORK HEALTH PLAN ASSOCIATION ON GOVERNOR SIGNING “STEP THERAPY”**

*Statement by Paul Macielak, president and CEO*

“Health plans are disappointed by the Governor’s signing of the ‘step therapy,’ or therapeutic substitution, bill. Contrary to his assertion, plan analysis and projections, detailed below, show this new law will result in higher costs for health care consumers, and for taxpayers in the form of increased Medicaid costs.

“We also find it ironic given the Governor’s recent comments related to repeal of the Affordable Care Act, where he professed concern about stability in the health insurance market and the impact on New York’s budget. His approval of this legislation will create instability not only for plans and consumers but will also result in additional costs to the state budget through higher Medicaid costs.

“The timing of this new law, which took effect on January 1, 2017, is extremely problematic. Plans have already submitted, and the Department of Financial Services has approved, product filings, contracts and rates for 2017 policies — for the New York State of Health (NYSOH, the state’s health insurance exchange) and off exchange coverage, and there is no process to add to or otherwise modify these policies, nor adjust premiums to reflect the new costs of the bill by January 1, 2017.

“While this bill was promoted by some doctors and advocacy groups as ‘consumer protection,’ numerous studies have shown there often was no clinical data to support prescribing the ‘newest’ – and often more costly – drugs. At the same time, other data shows the influence placed on doctors to prescribe certain drugs even when others may equally effective or more appropriate, raising question about exactly who will benefit from this new law.

“New York has a responsibility to ensure consumers have access to high quality and cost effective health care. As pharmaceutical costs continue to rise by double digits year after year, eliminating health plans’ ability to utilize step therapy as a tool to help control the rising cost of health care runs counter to both those objectives.”

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**FISCAL IMPACT OF STEP THERAPY (S.3419-C)**

Line of Business	Percentage of Potential Members Receiving Step Therapy Protocol Drugs Impacted by this Legislation	Projected Total Cost in Dollars for Step Therapy Protocol Drugs as Impacted by Step Therapy Legislation (Differential Between Total Cost for Step Therapy & Projected Impacted Cost of Legislation)
Commercial (excluding self-insured)	Average of 47%	\$155 - \$159 million
NYSOH (exchange)	Average of 55%	\$11.2 - \$44 million
Essential Plan	Average 55%	\$5.3 - \$21 million
Medicaid	Average 31%	\$47.4 - \$288 million
CHPlus	Average 37%	\$3 - \$18 million
<b>Total</b>		<b>\$222 - \$530 million</b>

The calculations are based on data obtained from a survey of 13 HPA member plans that represent more than seven million New Yorkers currently enrolled in commercial products, on the NYSOH, the Essential Plan, the Medicaid program and Child Health Plus. Using annualized first and second quarter 2016 data from these plans, HPA projected this legislation would increase pharmacy costs between \$222 and \$530 million.