



National
Multiple Sclerosis
Society

Multiple Sclerosis Society
California Action Network
(MS-CAN)

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Implementation of the Patient Protection and Affordable Care Act (ACA - Health Care Reform)

Cost Sharing Limits:
SB 639 (Hernandez) – SUPPORT

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San Francisco, CA 94158
(800) 344-4867

AB 639 (Hernandez) Cost Sharing Limits

Pacific South Coast
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San Diego, CA 92131
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Background

Federal ACA requirements require California to put in place new regulations for implementation of health care reform beginning January 1, 2014. In particular, the state must regulate cost sharing for private health insurance. This includes both employer-based plans and health insurance purchased by individuals.

Southern California
2440 S. Sepulveda Blvd.
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Los Angeles, CA 90064
(310) 479-4456

California law authorizes California to open a Health Insurance Exchange for consumers to buy their own health insurance which will begin enrolling people October 2013. The Exchange, called Covered California, will standardize insurance benefits. Plus, the standardized insurance products are supposed to apply to all private insurance—whether sold by the Exchange or not. *But a loophole remains. Insurers can still sell non-standardized (unregulated) insurance plans on the open market.*

Unregulated insurance often means poor coverage, hard-to-understand benefits, and hidden costs—one of the main reasons we needed health care reform! Now, we also need to amend California law to limit insurers so they can *only* sell standard (regulated) products that meet basic standards for quality and costs.

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www.msconnection.org

The National Multiple Sclerosis Society... One thing people with MS can count on.

Please remember the National MS Society in your estate planning.

What Will SB 639 Do?

SB 639 will require health insurers to conform to ACA spending caps, including:

1. **Limit out-of-pocket costs** to \$6,500 for an individual and about \$13,000 for a family.
2. **Apply all cost-sharing** to the above out-of-pocket limits—including deductibles, co-pays, or co-insurance.
3. **Limit annual insurance deductibles** for small employer plans to \$2,000 for an individual and \$4,000 for a family.

Also, Senator Hernandez intends to use SB 639 to further standardize cost-sharing in insurance products sold inside and outside of Covered California.

How Does SB 639 Impact People Living with MS?

There is no cure for MS. That means people with MS need ongoing medical care to manage the disease. In particular, the most commonly-prescribed injectible MS medications—used daily by many—have very high out-of-pocket costs. That’s because health insurance companies routinely place MS injectible treatments on “*specialty tiers*.” This is when consumers pay a percentage of the total drug cost instead of a flat rate (like \$25/month).

Injectible MS medications are expensive and no generic versions exist. So, the monthly share of cost is high, just for taking *one* drug. But people with MS typically take 4-6 medications. The result: a person with MS may spend hundreds or even thousands of dollars every month—just to take medicines that can keep their disease from getting worse.

The cost sharing limits proposed in SB 639 would cap costs overall. They would also enable any health care consumer to anticipate and plan for annual out-of-pocket health care spending.