

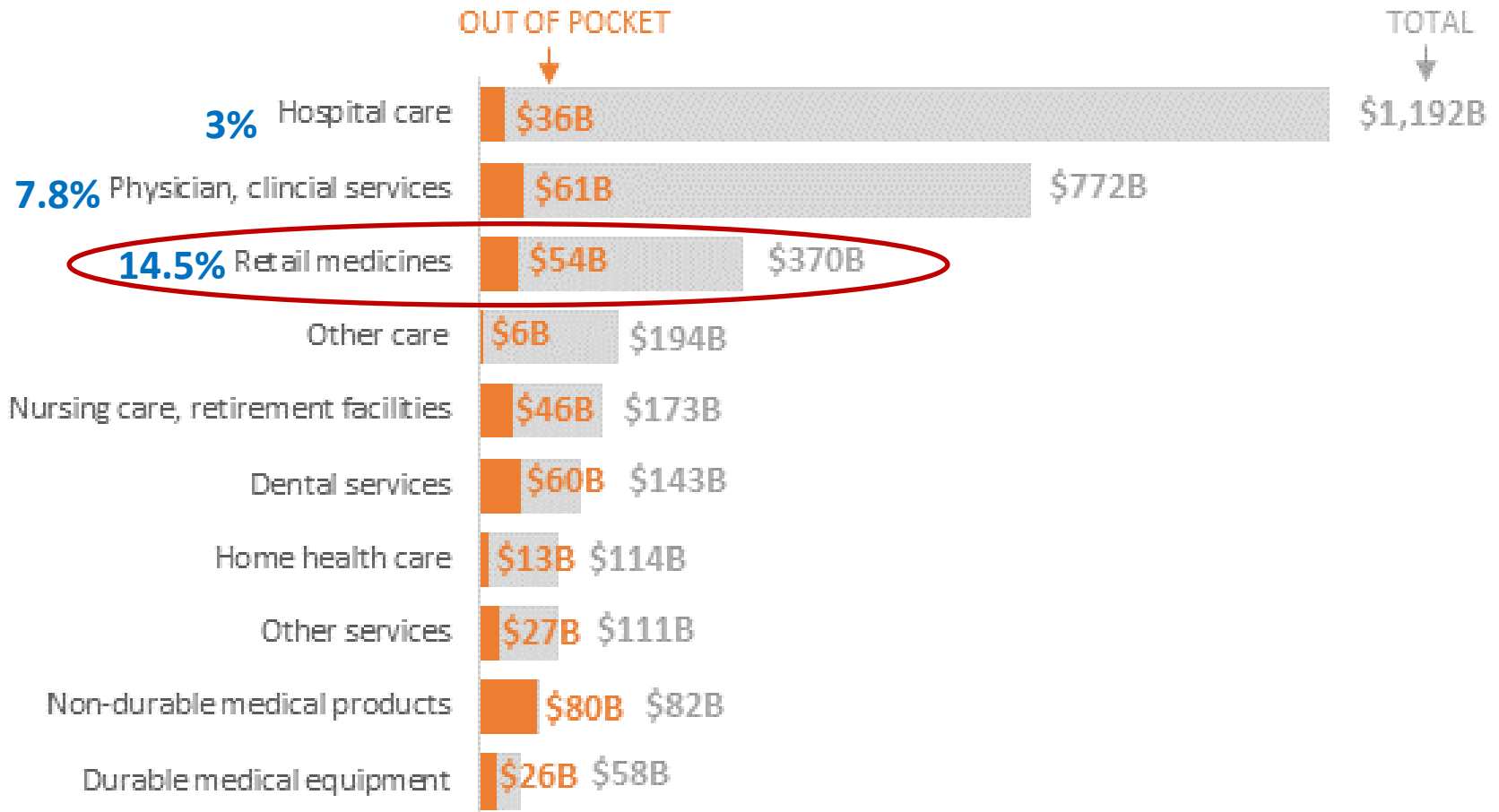
Searching for Savings: An Innovative Approach to Pay for Prescriptions

*Carl Schmid
Executive Director
HIV+Hepatitis Policy Institute*

*Council of State Governments
December 2, 2021*



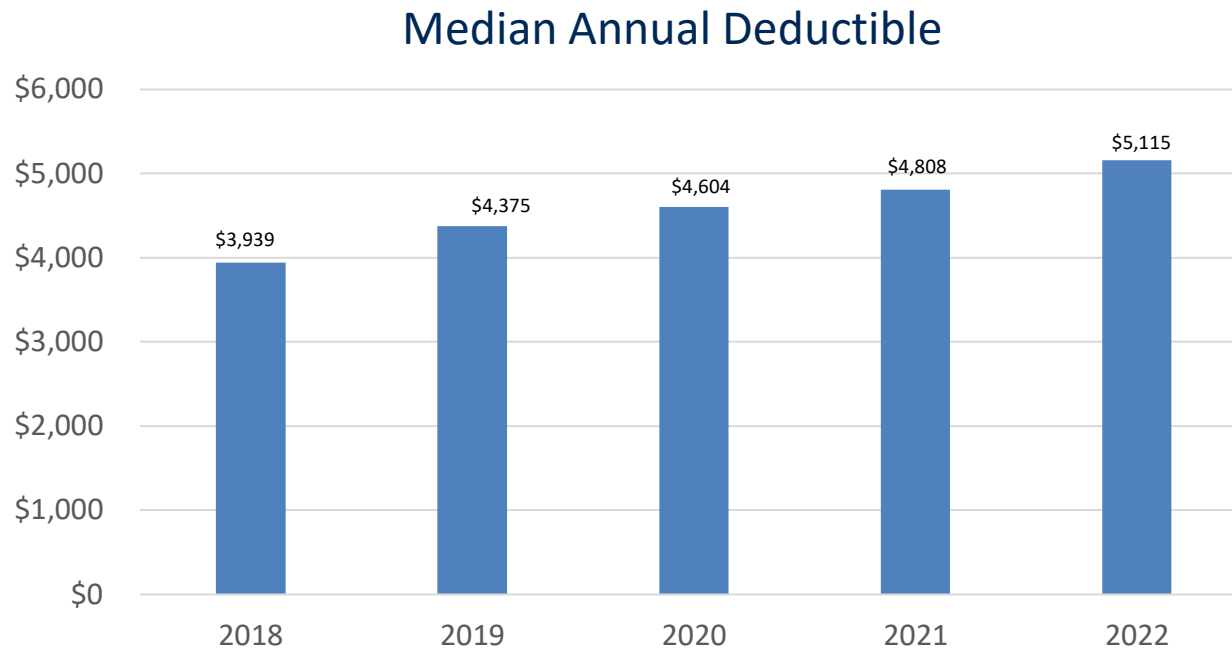
Personal Healthcare Spending – 2019



Source: CMS National Health Expenditure Data, NHE 2019.

Increasing Deductibles

Median QHP Deductibles – Silver Level



The PY22 silver plan median deductible is \$5,155, which is an increase of 6% from PY21 and 23% from PY18.

Source: <https://www.cms.gov/CCIIO/Resources/Data-Resources/Downloads/2022QHPPremiumsChoiceReport.pdf>

Percent who say they or a family member have done the following in the past year

	NO CHRONIC CONDITION IN FAMILY	WITH CHRONIC CONDITION	
		All	Highest deductible
Postponed or put off care	23%	42%	60%
Treated at home instead of seeing doctor	28	41	58
Avoided doctor-recommended test or treatment	15	31	44
Not filled a prescription or skipped doses	12	23	35
Yes to any	40	60	75

Source: [Kaiser Family Foundation](#); Chart: Axios Visuals

41% of Americans Who Take Prescription Medicines Report at Least One Episode of Non-Adherence in the Past Year.

This includes:

Skipped one or more doses	27%
Did not fill or pick up the medicine from the pharmacy	21%
Delayed picking up or taking the medicine	19%
Didn't finish all of the medicine	17%
Cut your pills in half	16%
Picked up the medicine, but did not take any of the medicine	11%

Q: In the past 12 months, have you done any of the following related to a prescription medicine you were prescribed?

Base: 3,612 Patients who take prescription medicines

Source: Patient Experience Survey, June 25 - July 9, 2021

Many Patients Report Their Health Suffered Because of an Episode of Non-Adherence

Patients with an infectious disease	82%
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Patients with an autoimmune disease	79%
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Patients with diabetes	51%
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All patients taking prescription medicines	48%
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Q: Did your health suffer because of [Adherence Issue]? [% Yes]

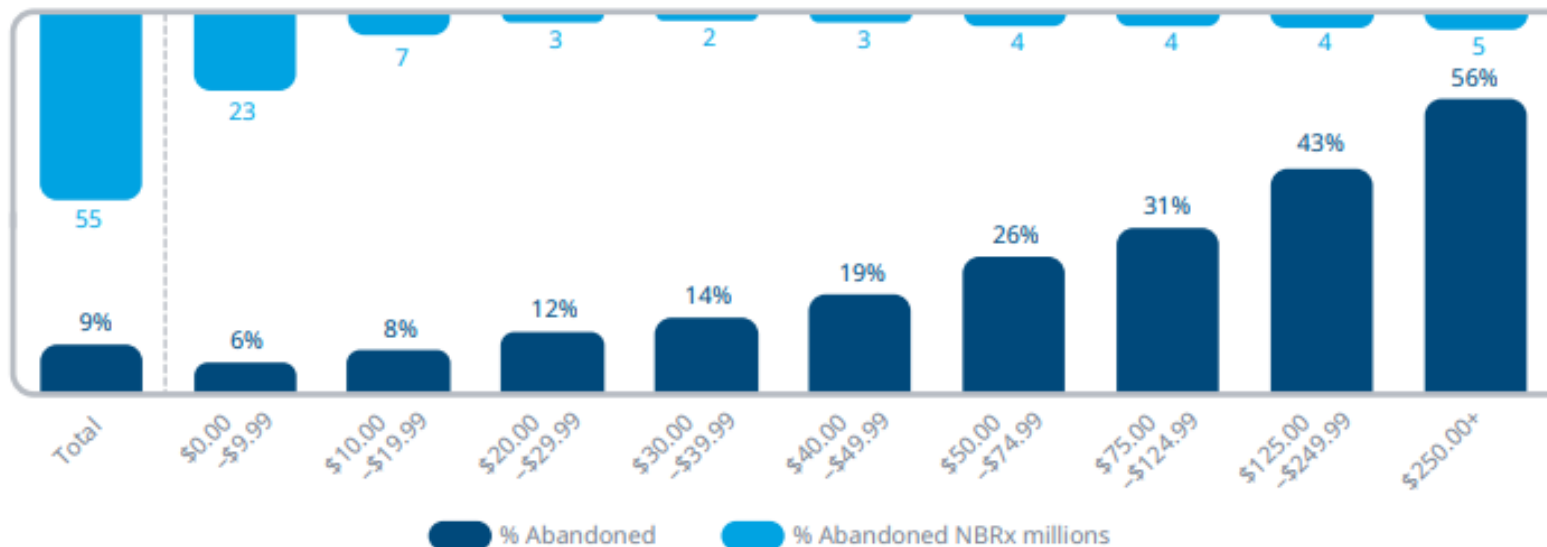
Base: 1,324 Patients who encountered an episode of non-adherence in the past year

Source: Patient Experience Survey, June 25 - July 9, 2021

Cost-Sharing and Rx Abandonment

Patients starting new therapy abandoned 55 million prescriptions at pharmacies in 2020 with increasing frequency as costs rise

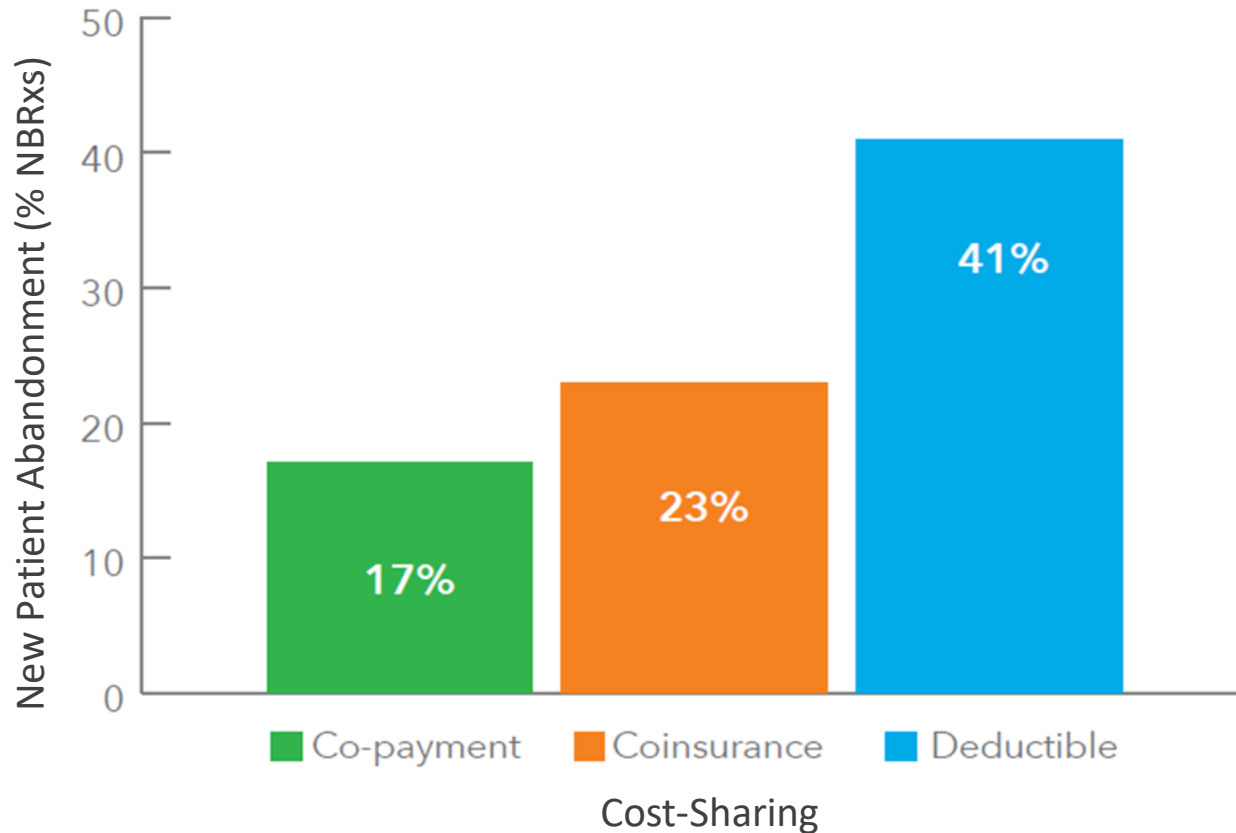
Exhibit 45: 14-day Abandonment Share of New-to-Product Prescriptions by Final Out-of-Pocket Cost in 2020, All Payers, All Products



Source: IQVIA LAAD Sample Claims Data, Dec 2020

Benefit Design and Rx Abandonment

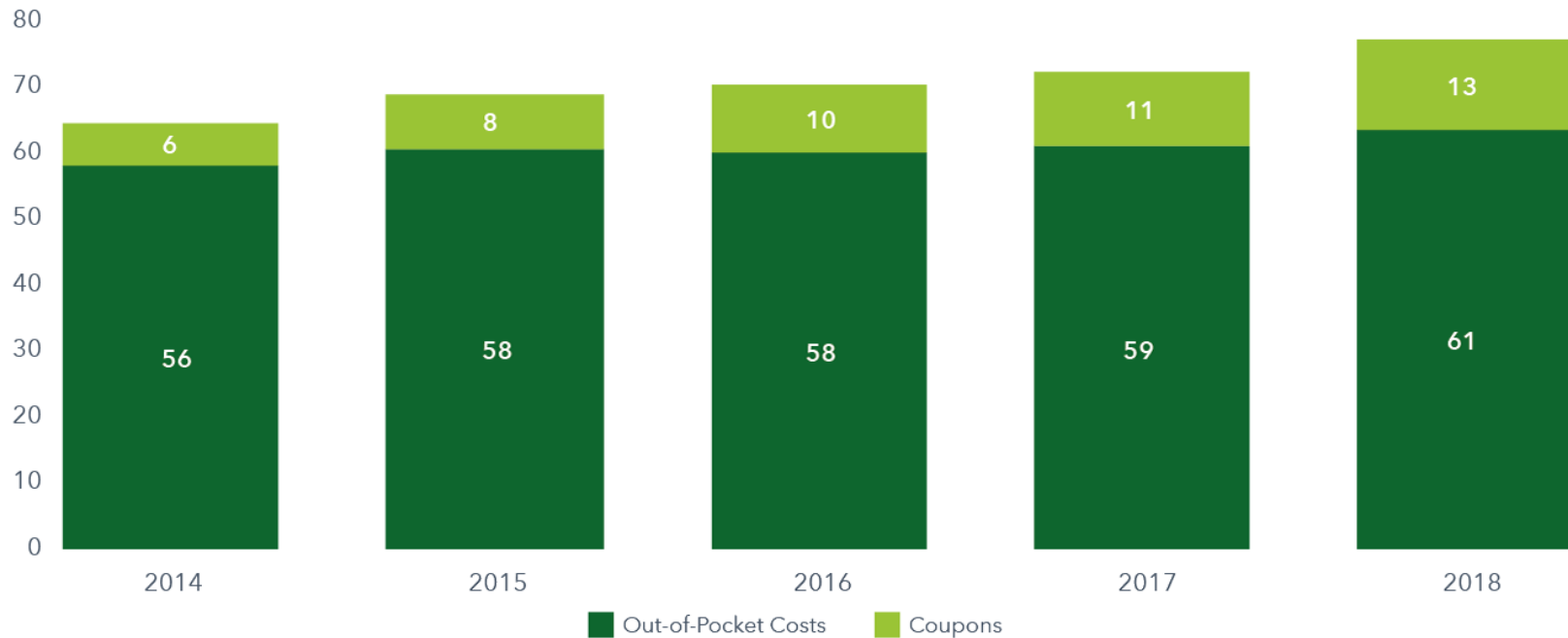
Overall New Patient Abandonment by Cost-Sharing Design (Commercial, Top Brands, 2017)



Note: Sample limited to new patient approvals across Top Brands which span over 25 traditional and specialty therapeutic areas

Role of Copay Assistance

Patient Out-of-Pocket Cost for Prescriptions in Aggregate and Value Offset by Coupons, \$Bn



Source: IQVIA National Prescription Audit, Formulary Impact Analyzer, Jan 2019

Chart notes: OOP (out-of-pocket) costs estimated based on prescription volumes and observed OOP costs. OOP costs projected from sample in FIA to a national estimate using national adjusted prescriptions which were backprojected to estimate the trend prior to the trend break after 2016 due to restatement of NPA volumes (see Methodology section for more details).

Report: Medicine Use and Spending in the U.S. – A Review of 2018 and Outlook to 2023. IQVIA Institute for Human Data Science, May 2019

Potential Solutions

- ▶ Enforce ACA Nondiscrimination Protections
- ▶ Institute Reasonable Copay Caps
- ▶ Lower/No Deductible for Rx
- ▶ Standard Plan Options
- ▶ PBM/Rebate Reform
- ▶ Ensure Copay Assistance Counts

Copay Accumulator Programs

- ▶ Instituted by insurers and pharmacy benefit managers (PBMs) that prevent manufacturer copay assistance contributions from counting towards a beneficiary's deductible and maximum out-of-pocket spending limits

Copay Accumulator Case Study For HIV Antiretroviral Drug

- ▶ Plan annual OOP maximum: \$6,000
- ▶ Drug cost sharing: \$50 after deductible
- ▶ WAC monthly drug price: \$3,090
- ▶ Deductible (combined medical and Rx): \$3,000
- ▶ Manufacturer co-pay assistance program (CAP) annual maximum: \$6,000

Medication Costs without Co-pay Accumulator		
	Consumer	Manufacturer Co-pay Card
January	\$0	\$3,050
February	\$0	\$50
March	\$0	\$50
April - December	\$0	\$450
Total	\$0	\$3,600
Total collected by Insurance Plan	\$3,600	

Medication Costs with Co-pay Accumulator		
	Consumer	Manufacturer Co-pay Card
January	\$0	\$3,090
February	\$180	\$2,910
March	\$2,870	\$0
April - December	\$450	\$0
Total	\$3,500	\$6,000
Total collected by Insurance Plan	\$9,500	

**Patient scenario developed by NASTAD and adopted by The AIDS Institute*

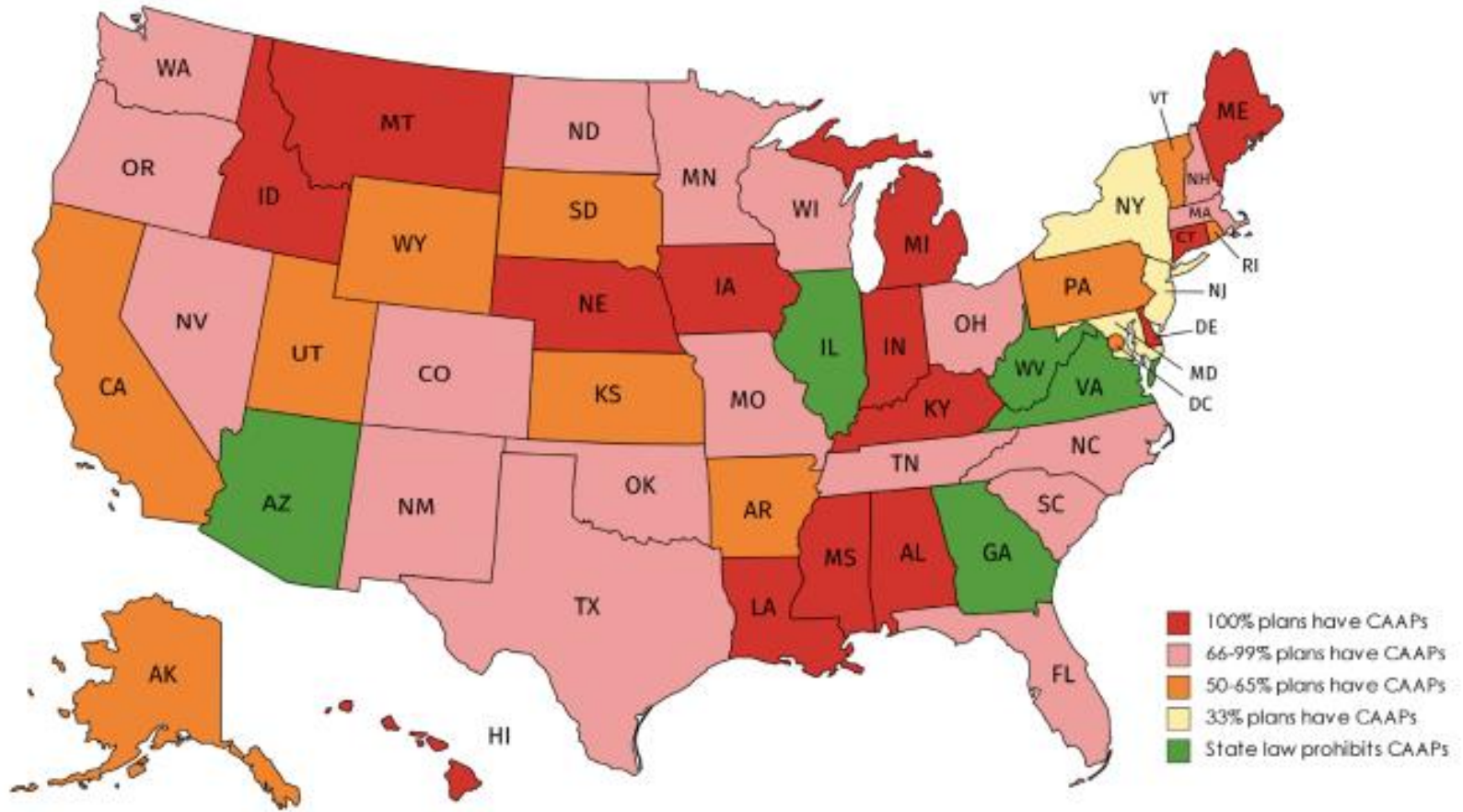
Lack of Transparency



“We may not apply manufacturer or provider cost share assistance program payments (e.g., manufacturer cost share assistance, manufacturer discount plans, and/or manufacturer coupons) to the Deductible or Out-of-Pocket maximums.”

Source: Page 47 of a 144 page [Plan Contract](#)

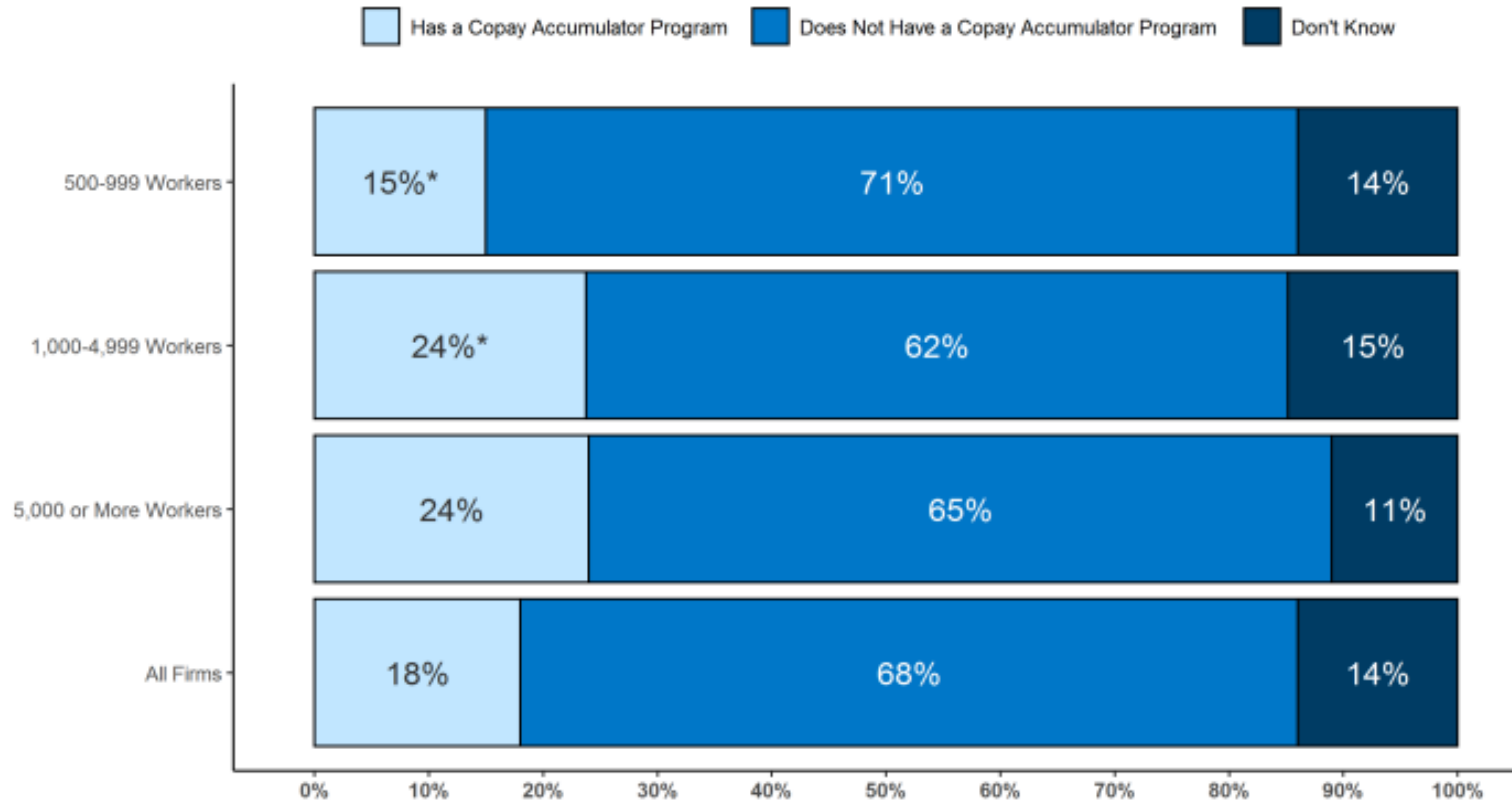
Percent of Plans in States with Copay Accumulator Policies



Source: https://aidsinstitute.net/documents/2021_TAI_Double-Dipping_Final-031621.pdf

Figure 13.19

Among Firms with 500 or More Employees Offering Prescription Drug Coverage, Percentage of Firms That Have a Copay Accumulator Program, 2021



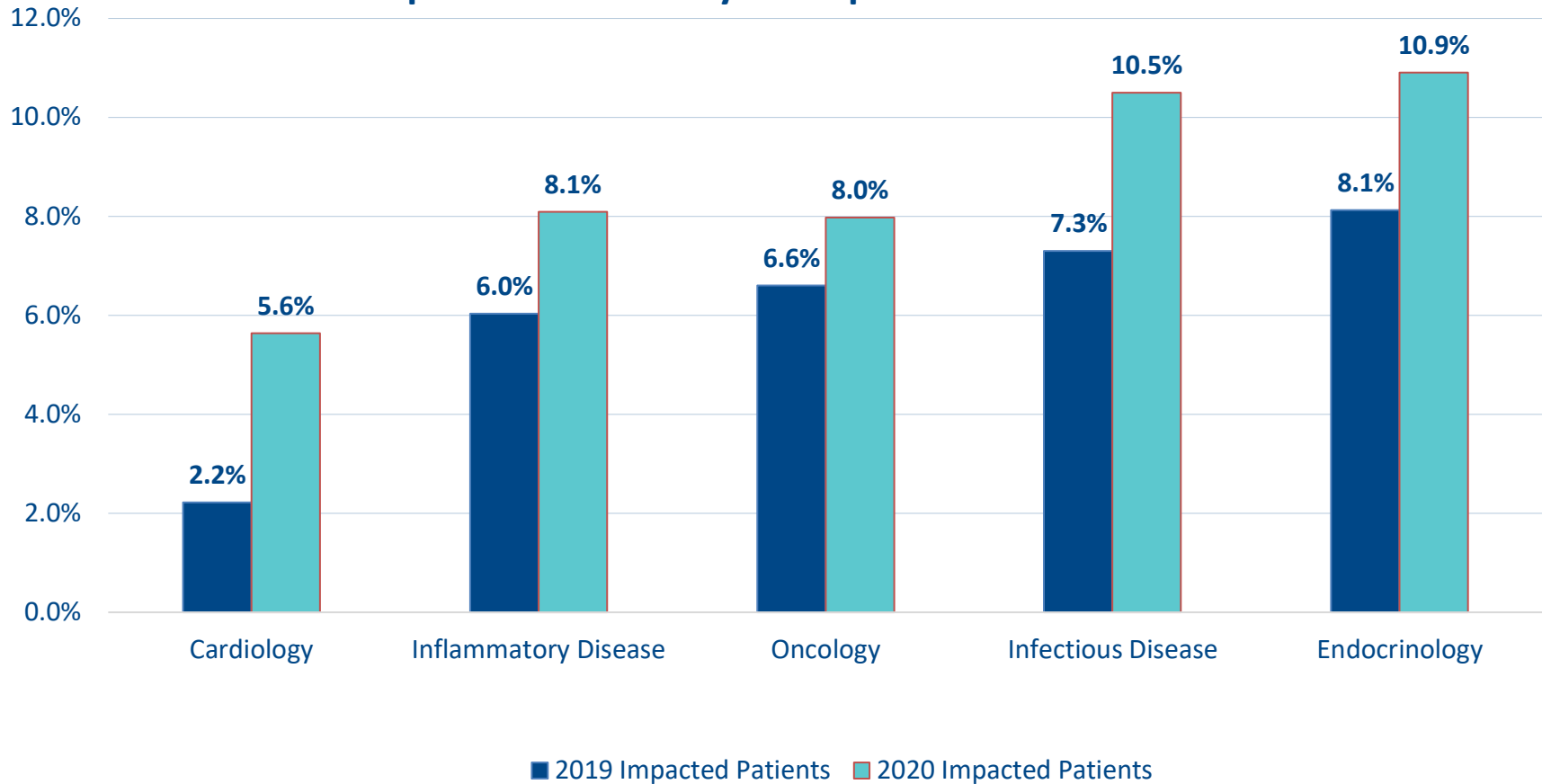
* Estimate is statistically different from estimate for all other firms not in the indicated size category ($p < .05$).

NOTE: Copay accumulator program do not count enrollees' spending from copay cards or drug manufacturer's coupons towards either the deductible or the out-of-pocket maximum

SOURCE: KFF Employer Health Benefits Survey, 2021

Patients Impacted by Accumulators Continues to Increase

Impacted Patients by Therapeutic Class: 2019 to 2020



25% - 36% of commercially insured patients that face a copay surprise of \$1,500 or greater are likely to discontinue therapy

Patients in plans with accumulator adjustment programs will likely face a copay surprise of \$1,500 or greater after reaching the copay card cap, as they will not have made progress towards meeting their deductible or annual out-of-pocket maximum

Discontinuation Rate by Copay Surprise Cohort and Product

LAAD Data, Commercial Patients Only, 2018-2020 YTD *



High deductible health plans are defined as plans with deductibles > \$1,400

* 2020 data through April
Source: Healthcare.gov; IQVIA LAAD data; IQVIA US Market Access Strategy Consulting analysis

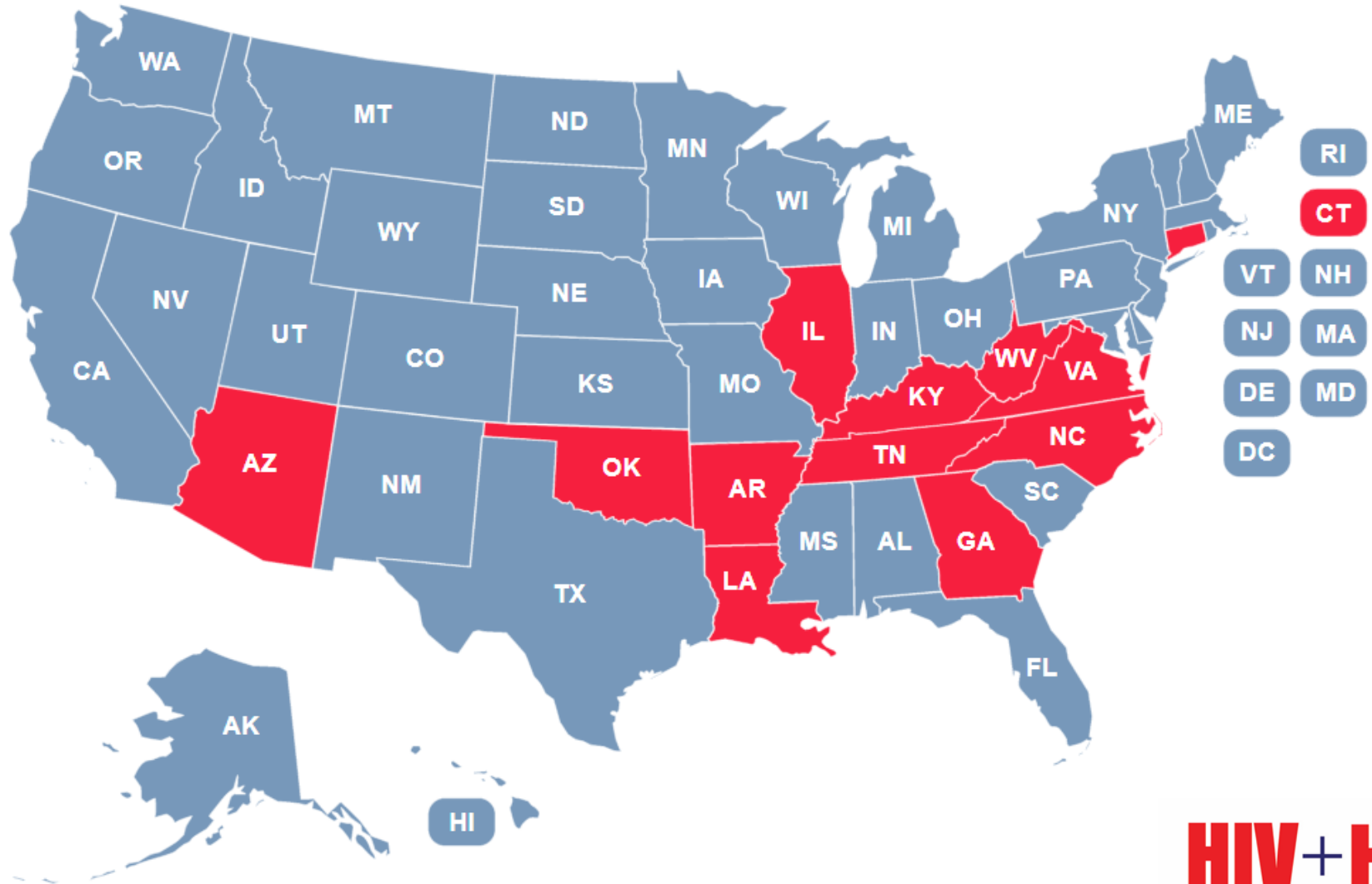


All Copays Count State Model Language

When calculating an enrollee's overall contribution to any out-of-pocket maximum or any cost-sharing requirement under a health plan, a [CARRIER/INSURER/ISSUER] or pharmacy benefit manager shall include any amounts paid by the enrollee or paid on behalf of the enrollee by another person.

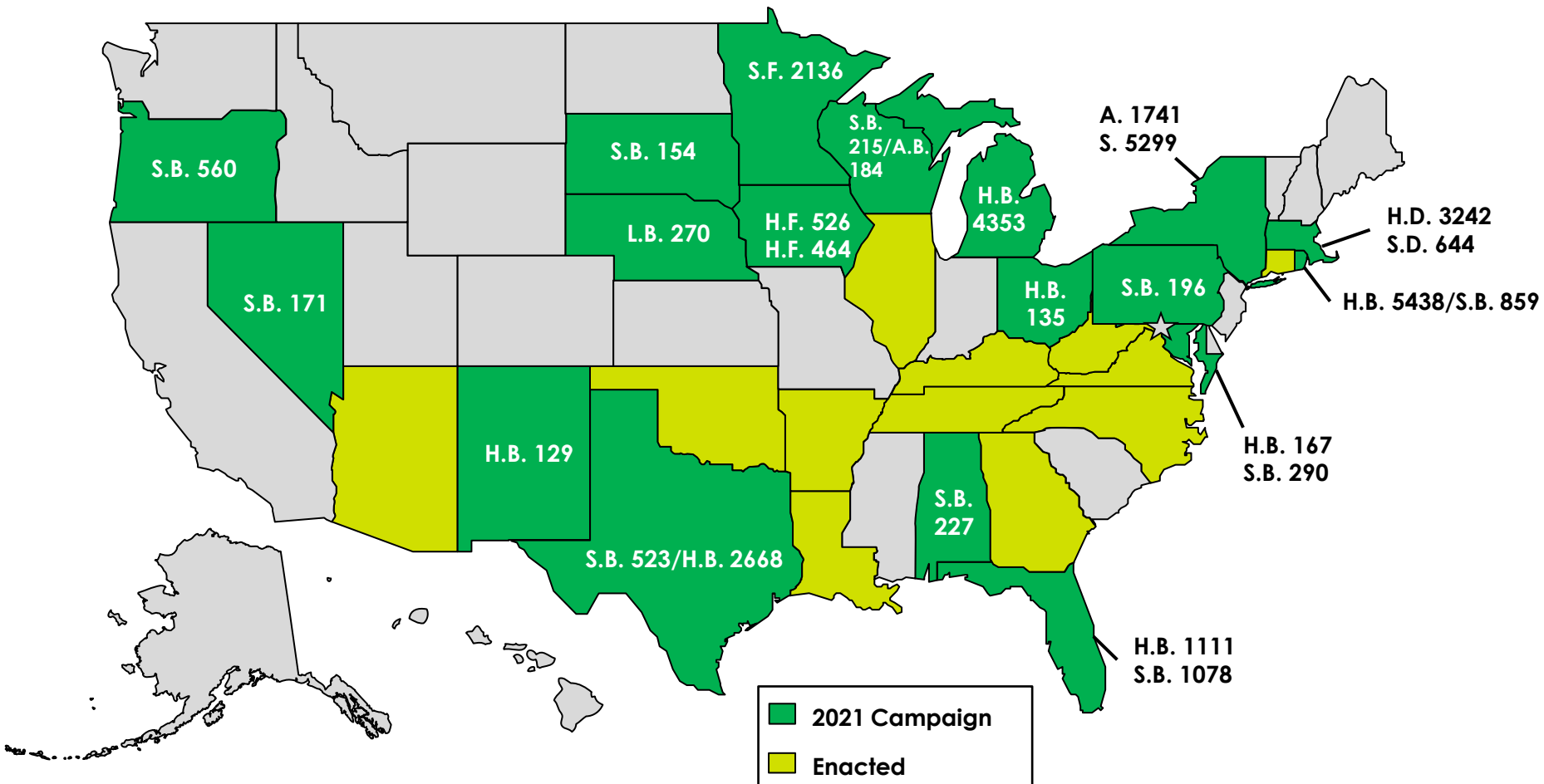


Enacted Laws



Source: Aimed Alliance

States with Active Legislation to Address Accumulator Adjustment Programs



Source: September 2021

Congressional Response (HR 5801)



U.S. Congressman A. Donald

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McEachin, Davis Introduce Bipartisan Legislation to Prevent Increased Prescription Drug Costs

November 1, 2021 | Press Release

Washington, D.C. – Today, Congressman A. Donald McEachin (VA-04) and Congressman Rodney Davis (IL-13) introduced the Help Ensure Lower Patient (HELP) Copays Act to protect patients from increased out-of-pocket prescription drug costs.

The bipartisan bill builds on previous efforts to lower out-of-pocket (OOP) costs for patients by prohibiting the use of copay accumulator programs, ensuring insurers cannot exclude the value of pharmaceutical manufacturer cost-sharing assistance from counting toward an enrollee's annual cost-sharing limit.

"Access to life-saving prescription drug medications should not be complicated by undue financial barriers," said **Rep. McEachin (VA-04)**. "As Americans continue navigating the coronavirus pandemic, we must take steps to protect them from undue out-of-pocket expenses. I am proud to

Federal Government Can Solve Issue

- ▶ **Annual Notice of Benefit and Payment Parameters Rule**
 - 2020: copay assistance must count in most situations
 - May limit for brand name Rx when generic exists
 - Suspended August 2019
 - 2021: Rule Allowed Copay Accumulators
 - 2022: No mention
 - 2023: Draft Currently Pending at OMB

All Copays Count Coalition

- ▶ **State Lead:**

Steven Schultz

Director, State Legislative Affairs

Arthritis Foundation

sschultz@arthritis.org

- ▶ **Model Language for State Legislation**

Thank you!

Carl Schmid

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