Copay Accumulator Programs

Community Oncology Alliance Position Statement

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The Community Oncology Alliance (COA) opposes copay accumulator programs because they artificially prevent patients in cancer treatment, who need financial assistance, from meeting their deductibles, thereby keeping out-of-pocket costs for drugs artificially high. As a result of the higher out-of-pocket costs, many patients soon find the cost of cancer care prohibitive and are forced to limit or stop treatment. The unnecessary financial interference by insurers or pharmacy benefit managers (PBMs) in patient care through copay accumulator programs can have devastating effects on prognosis and survival.

Background

Many patients struggle to meet their deductible and pay the copays for the high-cost drugs they need to treat serious, sometimes life-threatening, illnesses like cancer. Some drug manufacturers offer copay cards to commercially insured patients to help them afford their prescription medications. Manufacturers' copay support payments have been growing at double-digit rates, along with the adoption of benefit designs that favor deductible and coinsurance spending. For example, PBMs sometimes intentionally use higher than normal copay amounts for new, expensive products, when they do not have the leverage to negotiate rebates (e.g., new-to-market cancer medications). These artificially high copays lead to manufacturers' predictable response to bring their innovative new drugs to market by resorting to copay coupon programs, which are a form of "back door" rebates to the PBMs.[1] Manufacturers are estimated to have spent $15 billion on these programs in 2019 alone, according to a Drug Channels Institute analysis.[2] Almost half of all cancer patients are commercially insured (not on Medicare or Medicaid) and can use these cards to help pay insurance deductibles, copays, and/or coinsurance to reduce out-of-pocket drug costs.

Under copay accumulator programs, the insurance plan or PBM prevents the value of copay assistance cards or coupons from counting towards the beneficiary's deductible or out-of-pocket maximum. This has the deliberate effect of shifting upfront costs to patients and away from insurers and PBMs. Since emerging in 2017, copay accumulator programs have caught on quickly. Copay accumulator programs are becoming more prevalent and are sizably increasing patient out-of-pocket costs to the point that some are avoiding treatment altogether.

In 2019, the Centers for Medicare and Medicaid Services (CMS) finalized a rule that prohibited copay accumulator programs for brand drugs that did not have a generic equivalent. This was a sensible compromise, given the significant potential for negative patient harm. However, the agency delayed its implementation because of possible conflicts with certain rules for high-deductible health plans. CMS finalized a rule in May 2020 that provided plans with the flexibility to exclude a manufacturer's copay support payment from the computation of a deductible without regard to whether a drug has a generic equivalent.

Patients (unlike PBMs, insurers, or plan sponsors) do not get to share in the benefit of manufacturer rebates and price concessions. This means that – particularly in the case of deductibles or coinsurance – patients are paying a copay based on an already inflated price (i.e., if a patient pays 20 percent coinsurance on $100, for which there's been a post-POS rebate of 40 percent, the patient's coinsurance has been inflated by $8, or 50 percent).

At a time when pharmaceutical prices have been rightly deemed out of control, too high, and unsustainable, the practice of copay accumulator programs has been widely criticized as essentially using patients in need of drugs as bargaining chips in the complicated battle over drug prices. Patients rely upon these manufacturer coupons, discounts, and other patient assistance programs to reduce the high cost of drug copays to as little as $5 or no cost from potentially hundreds of dollars per medication fill.[3] Insurers, PBMs, and other payers ultimately want drug manufacturers to lower costs and are willing to leave patients who are unable to afford their medications without them.

The trend for insurers and PBMs to implement programs that keep out-of-pocket costs artificially high is becoming an increasingly bigger issue for patients. Patients who rely on expensive cancer therapies, for which there is often no generic equivalent, are the most vulnerable. These patients acutely need their medicines as they battle this devastating disease, and do not have the ability to choose a lower-cost alternative. The patients are already often working full-time to afford the out-of-pocket costs associated with their illness, and for many, copay accumulator programs make out-of-pocket costs unsustainable. Copay accumulator programs are another example in an ever-growing list of efforts by insurers and PBMs to maximize profits at the expense of patients with cancer.

Example

Consider a prescription for a life-saving oncology medication that would normally cost a patient $100 out-of-pocket at the pharmacy. When using copay assistance, a patient might pay $5 for the medication, while the copay assistance program would cover the remaining $95. Copay accumulator programs do not change that. However, they do change what "counts" toward the patient's deductible. In the past, all $100 would be applied toward that patient's deductible and/or their out-of-pocket maximum. However, if a patient's health plan is using an accumulator adjustment program, only the $5 paid directly by the patient is applied toward the deductible or out-of-pocket maximum. The $95 paid by copay assistance does not count toward the deductible.[4] Once the manufacturer's benefit has been used, patients are still left paying for the deductibles and high coinsurance on both drugs and their medical benefits.

Summary

By preventing copay assistance expenditures from applying towards an often-high deductible, patients find it harder and harder to meet their deductibles. As PBMs implement copay accumulator programs, patient out-of-pocket costs are kept artificially high. The impact of copay accumulator programs is real and significant. It forces difficult decisions for patients living with chronic and complex conditions who have no generic alternatives for their prescribed specialty medications.[5] This makes it significantly more difficult for patients to meet their annual deductibles. Treatment decisions can begin to transform from care-based to decisions made solely on financial considerations. As more and more patients move into high-deductible health plans, this concern is exacerbated. COA opposes the use of copay accumulator programs for financially vulnerable patients with cancer.

Date

Approved by the Board of Directors of COA on June 15, 2020

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[1] Pharmacy Benefit Managers: Practices, Controversies, and What Lies Ahead, Elizabeth Seeley and Aaron S. Kesselheim, The Commonwealth Fund, March 26, 2019.

[2] Copay Maximizers Are Displacing Accumulators—But CMS Ignores How Payers Leverage Patient Support, Adam J. Fein, Ph.D., Drug Channels, May 19, 2020.

[3] Prescription Drug Discount Coupons and Patient Assistance Programs (PAPs), Name redacted, Congressional Research Service, June 15, 2017.

[4] The Cost-Shift Conundrum of Copay Accumulator Programs, Michael C. Schweitz, Healio Rheumatology, January 2019.

[5] Addressing the Rising Impact of Co-Pay Accumulators on Patients, Adam J. Fein, Ph.D., Drug Channels, February 5, 2019.