The Prescription Drug Copayment Coupon Landscape

Geoffrey Joyce, PhD, Karen Van Nuys, PhD, Rocio Ribero, PhD and Dana P. Goldman, PhD

Leonard D. Schaeffer Center for Health Policy & Economics, USC
DISCLOSURES

This work was supported by the Leonard D. Schaeffer Center for Health Policy & Economics and by the National Institute on Aging of the National Institutes of Health under Award Number P01AG033559. The content is solely the responsibility of the authors and does not necessarily represent the official views of the National Institutes of Health or the Schaeffer Center.
Average Price of Humira (2 Syringes, 2015)

Source: *International Federation of Health Plans 2015 Comparative Price Report*
Most Americans favor action to keep drug prices down

<table>
<thead>
<tr>
<th>Action</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requiring drug companies to release information to the public on how they set their drug prices</td>
<td>86%</td>
</tr>
<tr>
<td>Allowing Medicare to negotiate with drug companies for lower drug prices</td>
<td>82%</td>
</tr>
<tr>
<td>Limiting the amount drug companies can charge for high-cost drugs for illnesses like hepatitis or cancer</td>
<td>78%</td>
</tr>
<tr>
<td>Allowing Americans to buy prescription drugs imported from Canada</td>
<td>71%</td>
</tr>
</tbody>
</table>

Source: KFF Tracking Poll, Sept 2016
## Distribution of Cost-sharing Payments for Rx Drugs in Large Employer Plans

<table>
<thead>
<tr>
<th>Year</th>
<th>Rx deductible spending</th>
<th>Rx coinsurance spending</th>
<th>Rx copay spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>4%</td>
<td>3%</td>
<td>93%</td>
</tr>
<tr>
<td>2005</td>
<td>4%</td>
<td>4%</td>
<td>92%</td>
</tr>
<tr>
<td>2006</td>
<td>8%</td>
<td>6%</td>
<td>85%</td>
</tr>
<tr>
<td>2007</td>
<td>10%</td>
<td>9%</td>
<td>81%</td>
</tr>
<tr>
<td>2008</td>
<td>11%</td>
<td>8%</td>
<td>82%</td>
</tr>
<tr>
<td>2009</td>
<td>11%</td>
<td>8%</td>
<td>82%</td>
</tr>
<tr>
<td>2010</td>
<td>14%</td>
<td>7%</td>
<td>78%</td>
</tr>
<tr>
<td>2011</td>
<td>17%</td>
<td>11%</td>
<td>72%</td>
</tr>
<tr>
<td>2012</td>
<td>16%</td>
<td>15%</td>
<td>69%</td>
</tr>
<tr>
<td>2013</td>
<td>19%</td>
<td>17%</td>
<td>64%</td>
</tr>
<tr>
<td>2014</td>
<td>24%</td>
<td>20%</td>
<td>56%</td>
</tr>
</tbody>
</table>

Source: *Kaiser Family Foundation analysis of Truven Health Analytics MarketScan Commercial Claims and Encounters Database, 2004-2014*
Should Copay Coupons Be Banned?

• Offered by pharmaceutical manufacturers
  • Increasingly common, but controversial tool to address high out-of-pocket costs
• Currently banned from federal programs
• Banned in MA, but repealed in 2012
• Several states (CA AB-265) prohibit coupons for drugs with a generic equivalent
• Response of commercial plans
  • No credit towards deductible
Policy Question
Should government enact legislation banning copay coupons?

• Copay coupons reduce or eliminate copayment required by the health plan
  
  o **Glass half-full**: Improves access by reducing patient out-of-pocket costs
  
  o **Glass half-empty**: Circumvents plan benefit design
    
    Patients fill more expensive therapies, raising total drug expenditures
Coupon and Generic Status of 200 Highest-Expenditure Drugs in 2014

- **200 Highest Expenditure Drugs in 2014**
- **68 Generics**
- **132 Brand Name Drugs**
- **42 No Coupon**
- **90 With Coupons**

**Couponed Drugs**

**Brand Name Drugs**
THE ORENCIA® (abatacept) COPAY ASSISTANCE PROGRAM

The ORENCIA® (abatacept) Copay Assistance Program is a copay assistance program designed to provide eligible patients with financial relief for out-of-pocket drug costs for ORENCIA.

- Eligible patients pay $5 per 0.25 mg intravenous (IV) infusion; or $5 per 10 mg supply for ORENCIA 10 mg/mL self-injection.
- The ORENCIA Copay Program provides reimbursement up to a maximum of $8,000 per 12-month enrollment period, starting at time of card activation. The ORENCIA Copay Program for Self-Injection benefit includes 12 uses per calendar year, up to a maximum benefit of $8,000.
- The program covers only the copay portion of each ORENCIA prescription and does not cover the infusions, injections, or patient and pharmacy fees or the cost of ORENCIA, nor does it cover any of the follow-up care.
- Terms and Conditions are found on the ORENCIA® (abatacept) Copay Assistance Program website.

Distribution of Monthly Copay Goal

- 45%

Distribution of Annual Aid Cap

- 48%

Distribution of Duration

- 52%
- 47%

Distribution of Duration Types

<table>
<thead>
<tr>
<th>Set # Uses</th>
<th>Set Date</th>
<th>Set Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Coupon and Generic Status of 200 Highest-Expenditure Drugs in 2014

- 200 Highest Expenditure Drugs in 2014
- 68 Generics
- 132 Brand Name
- 42 No Coupon
- 90 With Coupons
- 12 Competing with Generic Equivalent
- 7 Facing Generic Entrant
- 71 No Generic Equivalent
Coupon and Generic Status of 200 Highest-Expenditure Drugs in 2014

- 200 Highest Expenditure Drugs in 2014
- 68 Generics
- 132 Brand Name
- 42 No Coupon
- 90 With Coupons
- 12 Competing with Generic Equivalent
- 7 Facing Generic Entrant
- 71 No Generic Equivalent
- 25 Generic CTS
- 35 Only Single-Source CTS
- 11 No CTS
Close Therapeutic Substitutes of 71 Single-Source Couponed Drugs

Distribution by Type of CTS

- No CTS: 35
- Generic CTS: 25
- Only SS CTS: 11
- No Couponed Drugs Among LPCTS: 5
- CTS has Couponed Drugs, LPCTS not Couponed: 9
- LPCTS is Couponed: 21
Likely Impact of Coupons on Differing Competitive Landscapes

Impact on Therapeutic Options

- Drugs with only branded CTS: BETTER
- Drugs with generic CTS: IMPROVEMENT
- Drugs with generic equivalent: WORSE
- Drugs with no CTS: Neutral

Impact on Expenditures

- Raises
- Lowers
- Neutral
- Expands

Numbers indicate potential impact:
- 35
- 25
- 19
- 11
Summary of Findings (2014)

• Coupons are a strategic response to
  o Higher patient cost-sharing
  o PBM control and consolidation (pick winners & losers)

• Can weaken formulary compliance
  o 1 in 5 coupons steer patients away from generic equivalent
  o 1 in 8 coupons are for single-source drugs with no close therapeutic substitute
  o Remaining coupons (2/3rd) are for drugs with imperfect therapeutic substitutes
    ➢ 40% have a CTS that is generic
    ➢ 60% have only branded CTS (often similar in price; most also couponed)
Total Ban is Unwarranted

- Coupons are a symptom, not the disease
  - Ban would reduce access for some patients
  - At least coupons direct savings to the user
- Total ban favors one part of the supply chain (PBMs and payers) over another (manufacturers)
- While many are complicit in rising drug costs
  - Economic rents (profit) should be proportional to the value added
  - Manufacturers take biggest risk and are the primary innovators in the industry