

Co-Payment Offset Programs

The Academy of Managed Care Pharmacy (AMCP) believes that pharmaceutical manufacturers, charitable organizations (501(c3)), plan sponsors, health plans, pharmacy benefit managers, states and retail pharmacies should have the common goal of improving patient access by making medications affordable. AMCP also recognizes that many patients today depend on high-cost specialty medications that rarely have therapeutic alternatives. However, AMCP is concerned that certain co-pay offset programs may undermine formulary development and utilization management techniques and can also increase costs for health plans and, ultimately, patients themselves.

Several different patient assistance and direct to consumer coupon programs have entered the marketplace. These programs are discussed below.

- Patient assistance programs (PAPs) are generally offered through either manufacturers (manufacturer PAPs) or charitable groups (charitable PAPs). Patients who are uninsured, under insured or indigent are offered free drugs or financial assistance, usually based on economic need and/or the appropriateness of the treatment for a patient. Many programs benefit patients taking high-cost specialty medications, that generally do not have therapeutic alternatives, and frequently have a higher member cost share than traditional prescription drugs. AMCP is supportive of means-tested programs that provide patient access to the most appropriate drugs that may be otherwise unaffordable.
- Manufacturer coupons serve to promote use of specific branded medications that commonly have sub-optimal formulary placement (non-preferred or not covered) due to other products in the same therapeutic class providing the desired patient outcome at a lower cost. These coupons, which intended to reduce a patient's cost-sharing responsibility for a certain prescription drug, are generally offered directly to consumers with commercial insurance (except Massachusetts) and are considered illegal in Medicare and Medicaid and therefore increase product utilization outside of the confines of traditional insurance's processes.
- Manufacturer coupon programs typically limit the number of prescriptions that qualify for the coupon (e.g., 12 refills over 12 months) or the amount of time that the coupon is valid (e.g., end of the calendar year) so patients do not receive an indefinite benefit. After the period of time, a patient may have to be transitioned to a formulary product or the patient will seek a formulary exception for the medication which then results in increased costs associated with covering the non-formulary product. AMCP is opposed to manufacturer coupon programs that are promotional in nature and are not means-tested.

Health plans typically encourage patients to take less expensive drugs by placing the preferred drug on a lower cost-sharing tier of the formulary. However, some manufacturer coupons reduce, or even eliminate, the cost differential to the patient between two prescription drugs, diminishing the incentive for a patient to choose the lower-cost equally effective option.

By distorting economic incentives used by health plans and pharmacy benefit managers to encourage patients to use prescription drugs with lower overall costs, manufacturer coupons can undermine the formulary development process and utilization management techniques. Perhaps counter - intuitively, they also raise the risk of increased overall costs for patients. While the patient has a lower cost-sharing responsibility at the initial point of sale, the health plans, pharmacy benefit managers or plan sponsors are responsible for the reimbursement cost to the pharmacy. This raises the costs of administering the prescription drug benefit as a whole, which in turn leads to higher premiums for patients.

AMCP is supportive of programs that help patients afford their prescription drugs. However, some programs can needlessly encourage the use of more expensive brand-name products over their generic counterparts. They can also undermine the formulary development process by encouraging the use of products that have lower cost therapeutic alternatives. Patient safety can also be threatened when prescriptions are frequently transferred between retail pharmacies.

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AMCP's *Where We Stand* series: www.amcp.org/positionstatements.