Co-pay Accumulator Adjustment Programs

Madelaine A. Feldman, MD, FACR

Not everyone can afford the medication they need. To make drugs more accessible, manufacturers sometimes provide co-pay coupons to help patients cover their out-of-pocket pharmacy expenses.

Manufacturers have issued co-pay coupons since the mid-2000s, but they have become more common in recent years. The amount of prescriptions paid for using coupons reached 19 percent in 2016.[1]

Most drugs that have co-pay coupons don't have lower-cost generic alternatives. For the few that do, these alternatives may not suit the unique characteristics of a patient's medical history or disease state. Or, a patient has already tried the less expensive option and found it ineffective.

Regardless of what may be available, doctors should be trusted to prescribe the most appropriate medication for their individual patients. And when a doctor prescribes a costly regimen, until recently, patients could depend upon co-pay coupons to count toward their yearly out-of-pocket deductible. Many patients relied on this arrangement to access their medications.

Yet for patients across the country, that reality is changing.

Co-pay Accumulator Adjustment Programs

Pharmacy benefit managers, the third-party groups who manage prescription drug claims for health plans, have different names for co-pay accumulator adjustment programs. These names often confuse and hide the how the program effects patients. *Coupon adjustment. Benefit plan protection program. Out-of-pocket protection program. Out-of-pocket maximum calculation process. Variable co-payment.*

But no matter what these programs are called, they all have the same impact on patients: They prevent co-pay coupons from counting toward a patient's annual deductible.

ANNUAL DEDUCTIBLE:
the amount a patient pays out-of-pocket before the health plan pays for services

CO-PAY:
the fixed amount a patient pays for a covered service after having met their annual deductible

In past years, a patient who used a co-pay coupon at the pharmacy would receive credit toward his or her deductible. Once the patient's deductible was met, the health plan's pharmacy benefit manager provided maximum insurance coverage for the prescription.

With co-pay accumulator adjustment programs in place, the co-pay coupon still allows the patient to access his or her medication, but the patient no longer receives deductible credit. When the co-pay coupon runs out, the patient is on the hook for his or her entire deductible. This often translates to hundreds, even thousands, of dollars—sometimes due in a single pharmacy visit.

Patients with chronic or rare conditions can find the medicine they now depend upon suddenly out of reach. Patients who do manage to cover the hefty out-of-pocket for the medicine effectively allow their pharmacy benefit manager to "double-dip." The drug's manufacturer fulfills the patient's deductible once through the co-pay coupon; then the patient fulfills it a second time out of his or her own pocket.

The patient experience changes substantially **before** and **after** the implementation of an accumulator program.

BEFORE

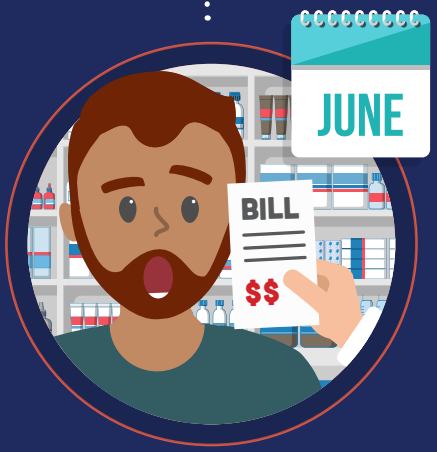
DEDUCTIBLE MET: **$0**

DEDUCTIBLE MET:

$$$$

WITH CO-PAY ACCUMULATOR PROGRAM IN PLACE

DEDUCTIBLE MET: **$0**



DEDUCTIBLE MET:

$0

Impact on Patients

Accumulator programs assume patients with severe illnesses can be economically forced off their prescription without consequence. But the reality is that they force patients to choose between an untenable financial burden and negative health outcomes.

Co-pay accumulator programs are likely to have the most significant impact on two primary groups of patients. The first is patients who are least able to afford the increased medical expense. People with limited means may be compelled to choose high deductible plans because the plans' lower monthly premiums better fit their budget.

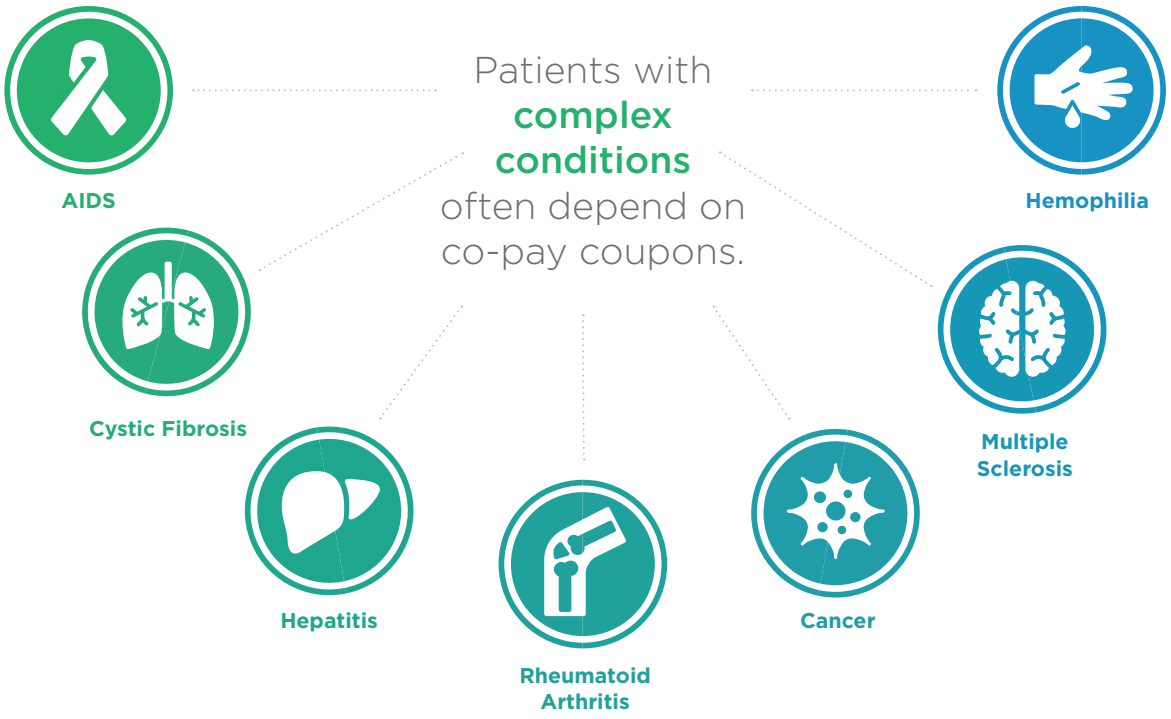
The second group of patients are those with chronic conditions. They often have multiple comorbidities that require many medications, often specialty medications. With accumulator programs in place, these patients will likely find themselves unable to access the prescriptions they need to manage not just one but multiple conditions.

Accumulator programs aside, **researchers estimate that one-third to one-half of all patients already don't take their medication as prescribed.** Patients are even less likely to adhere with high-cost medicines.[2] One analysis found patients were 4.5 times more likely to abandon their prescription, meaning they cancelled it or never picked it up from the pharmacy, if the co-pay was more than $50.[3] This would only be exacerbated if patients face a bill totaling thousands of dollars—a feasible scenario for those taking specialty medications.

Medication abandonment can lead to irreversible disease progression and loss of therapeutic effectiveness, depending on the treatment. It puts patients at higher risk for expensive emergency care, avoidable hospitalizations and poorer health outcomes.

Additionally, prescription non-adherence has a substantial economic impact. In 2009, the sum of non-adherence and other medication-related challenges was approximately $290 billion per year.[4] While patients suffer financial losses from missed work, unmanaged illness also keeps them from attending and enjoying immeasurable life events like birthdays, graduations and weddings.

Physicians encourage their patients to take their prescribed medication as directed. Even with this extra effort, non-adherence is an ongoing concern. And accumulator programs only stand to exacerbate the problem.



Potential Solutions

Experts and drug manufacturers have suggested several potential policy approaches to address co-pay accumulator programs.

1. **Stipulate co-pay coupons can be used only if the patient receives credit toward his or her annual deductible.** This exposes hidden accumulator programs from the start, eliminating the surprise when a patient's co-pay coupon runs out.
2. **Help patients pay for their prescription directly through the manufacturer's need-based support program.**
3. **Raise the value of co-pay coupons to cover a year's worth of treatment.** While this wouldn't address patients' need to meet their annual deductible for other medical expenses, it would cover prescription costs.
4. **Reimburse the patient for the prescription deductible.** This option requires patients to front the full cost of the medication, which for some, is unrealistic.
5. **Let patients use a debit card provided by the manufacturer.** This approach directly gives patients access to the money they need, but would require oversight.

Each of these approaches is worth considering, but not all are feasible. And some plans have already implemented strategies to circumvent a few of the proposed solutions. For example, some plans now have patients sign an affidavit disclosing any form of manufacturer-provided financial assistance for medication co-pays or co-insurance. This assistance will not count toward the patient's annual deductible. While other plans prohibit any help from manufacturers, which disallows reimbursement or debit card provisions.

Conclusion

Co-pay accumulator adjustment programs keep patients from obtaining medicine they need, medicine that their physician has prescribed. These programs stress and surprise people who are already coping with chronic or complex conditions—and possibly financial hardship.

Just as these programs are complicated, so too is the process of addressing them. Until policymakers determine a course of action, however, both patients' pocketbooks and their health will continue to suffer.

References

1. *Medicine Use and Spending in the U.S. A Review of 2017 and Outlook to 2022.* IQVIA Institute for Human Data Science, 2018, www.iqvia.com/institute/reports/medicine-use-and-spending-in-the-us-review-of-2017-outlook-to-2022.
2. Osterberg L., Blaschke T. Adherence to Medication. New England Journal of Medicine. 2005 Aug 4; 353(5): 487-97. DOI: 10.1056/NEJMra050100.
3. Shrank, William H., et al. The Epidemiology of Prescriptions Abandoned at the Pharmacy. *Annals of Internal Medicine.* 2011 Nov 16; 153(10): 633–640. DOI: 10.7326/0003-4819-153-10-201011160-00005.
4. Thinking Outside the Pillbox. A System-wide Approach to Improving Patient Medication Adherence for Chronic Disease. New England Healthcare Institute, August 2009, https://www.nehi.net/writable/publication_files/file/pa_issue_brief_final.pdf.

ABOUT THE AUTHOR

Madelaine A. Feldman, MD, FACR

Madelaine A. Feldman, MD, FACR, a rheumatologist in private practice in New Orleans for 30 years, serves as a member of the National Physicians Biologics Working Group. A Clinical Associate Professor of Medicine at Tulane University School of Medicine, she is also on the Board of Directors for the Institute for Patient Access, Chair of the Alliance for Safe Biologic Medicines, Vice President of the Coalition of State Rheumatology Organizations and past member of the Insurance Subcommittee for the American College of Rheumatology.

IfPA | Institute for Patient Access

ABOUT THE INSTITUTE FOR PATIENT ACCESS

The Institute for Patient Access is a physician-led nonprofit 501(c)(3) research organization promoting the benefits of the physician-patient relationship in the provision of quality healthcare.

To learn more visit www.AllianceforPatientAccess.org.