



CO-PAY ACCUMULATORS AND DIR FEES: ARE YOUR PATIENTS AT RISK?

Moderator:

Burt Zweigenhaft, BioPharma Partners

Panelists:

Carolyn Ha, PharmD, PhRMA

**Richard Sanders, JD, Southern Health
Lawyers, LLC**

LEARNING OBJECTIVES

By the end of this session, participants should be able to:

- Describe patient cost-sharing trends in the commercial market over the past five years
- Identify the role and value of patient cost-sharing support
- Discuss the potential patient impact related to co-pay accumulator programs
- Understand the legal, legislative, and regulatory landscape of co-pay accumulator programs
- Discuss the potential business impact and legal landscape related to DIR fee programs



OUTLINE

Co-pay Accumulators

- Carolyn Ha, PharmD
 - Overview of cost-sharing ramifications
- Rich Sanders, JD
 - Legal ramifications

DIR Fees

- Rich Sanders, JD
 - Brief overview including legal and legislative components

Open Discussion among panelists

- Burt Zweigenhaft

CO-PAYS ACCUMULATORS & DIR

“Co-Pay Accumulators”

Are your patients at risk?

Carolyn Ha, PharmD
Director, Policy and Research
PhRMA



PHRMA – WHO WE ARE

Represent innovator biopharma companies

- 30+ member companies
- Advocate in support of innovation and access to medicines

Investment in R&D

- More than \$600B since 2000
- \$79.6B in 2018



PATIENT COST-SHARING TRENDS

PATIENT COST-SHARING COMPONENTS AND SUPPORT

Deductible:

- The amount patients must pay annually with their own money (out of pocket) before a health plan will pay for most non-preventive health care expenses

Coinsurance:

- The percentage of costs a patient is responsible for paying with his or her own money

Maximum Out of Pocket (MOOP) Limit:

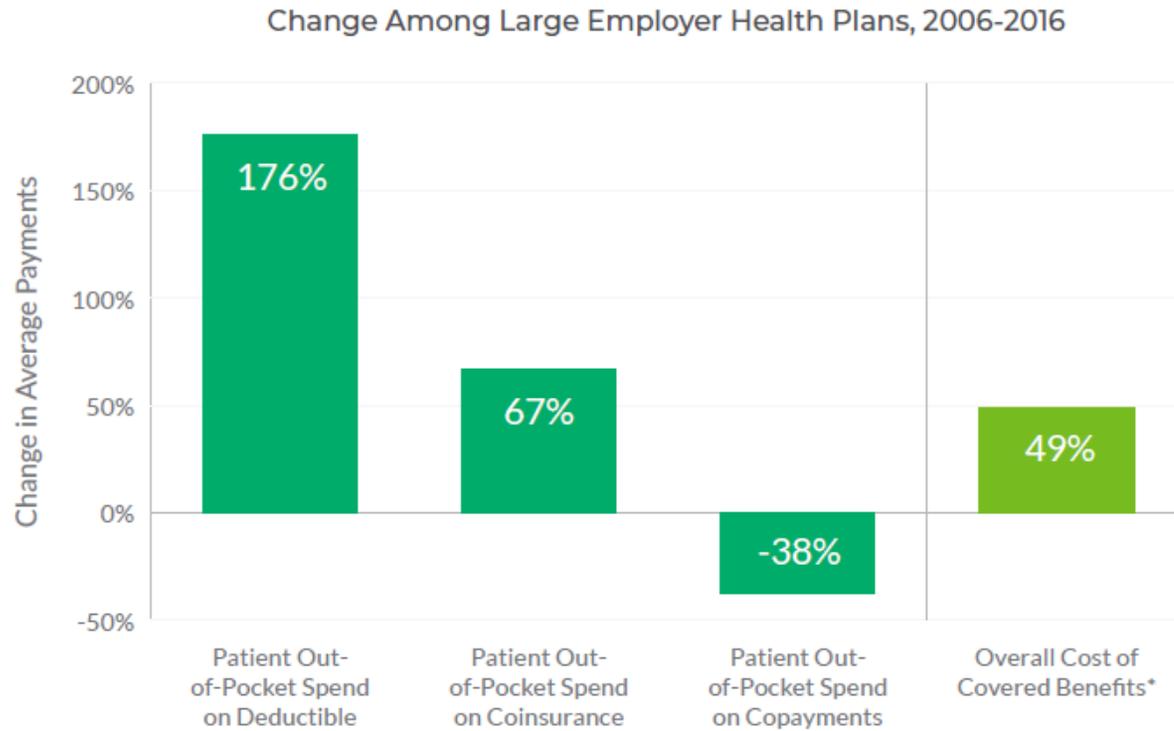
- The maximum amount an individual or family must pay out of pocket before the health plan covers all in-network costs. Under current requirements, most group health plans and health insurance issuers must count all out-of-pocket payments for essential health benefits toward the annual MOOP limit

Coupons

- are a form of patient cost-sharing support that assist patients with paying their out-of-pocket costs, especially deductibles and coinsurance



PATIENT COST-SHARING IS GROWING

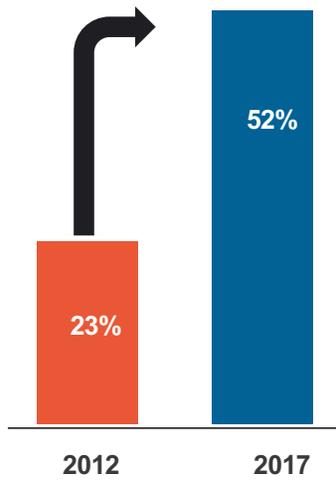


*Patient out-of-pocket costs are growing faster than overall costs of benefits.

Source: Kaiser Family Foundation³

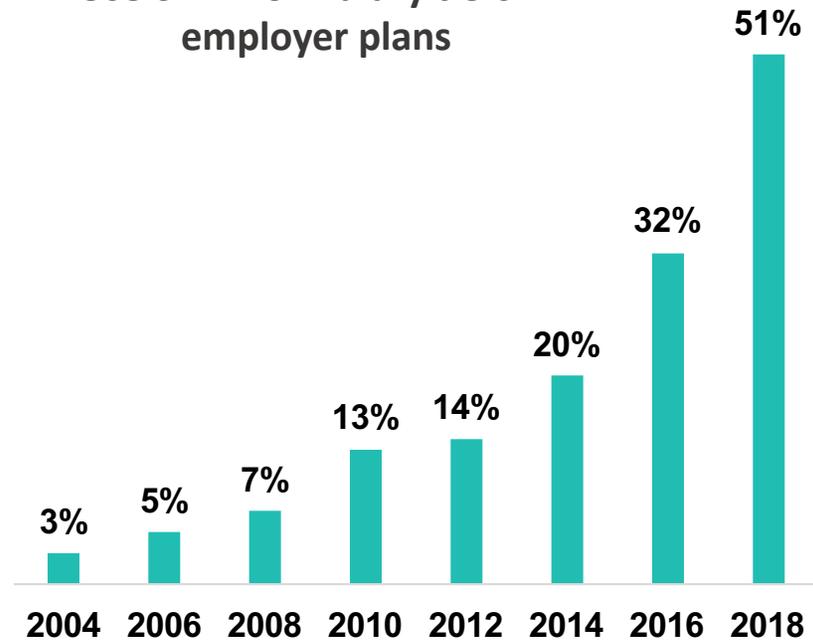
FORMULARY DESIGN HAS INCREASED PATIENT COST-SHARING

Percent of employer plans with deductibles for prescription drugs



Source: PWC, 2017 Health and Well-Being Touchstone Survey

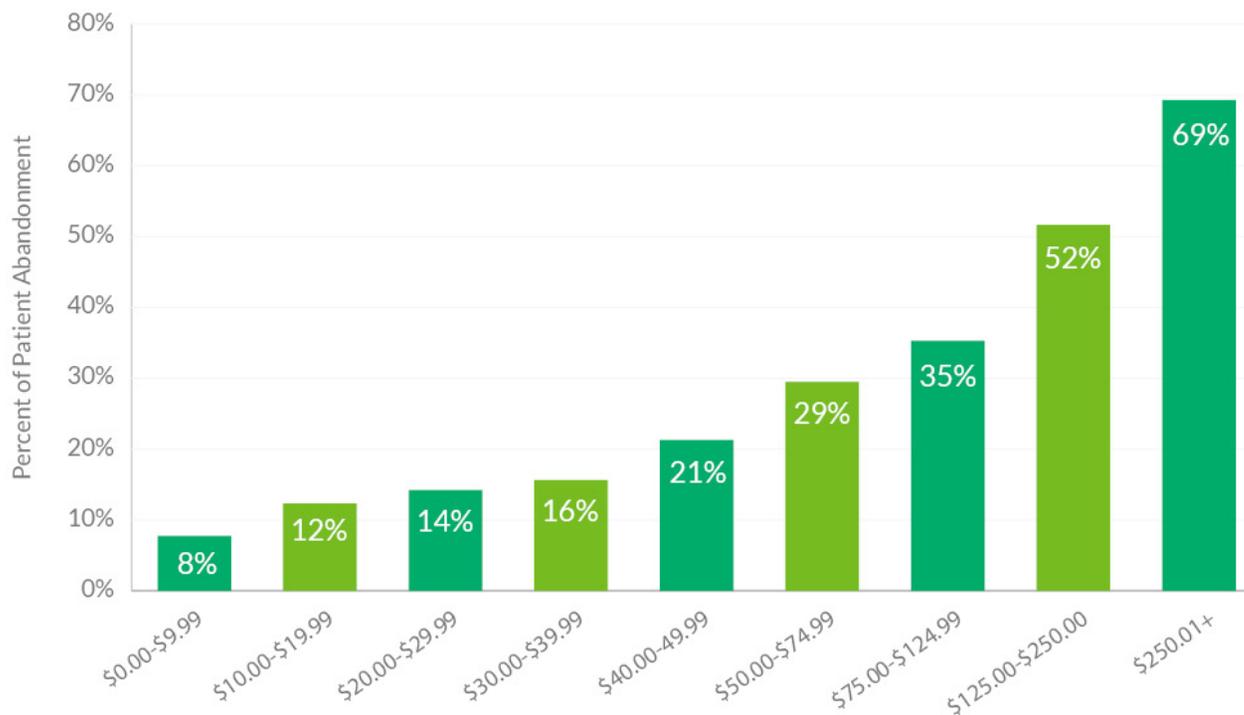
Use of 4+ formulary tiers in employer plans



Source: Kaiser Family Foundation, 2019 Employer Health Benefits Survey

MEDICATION ABANDONMENT INCREASES WITH COST-SHARING

New Patient Abandonment by Final Out-of-Pocket Cohort
(Commercial Claims; PayCo® Brands; 2017)



*Sample is limited to new patient approvals across top brands, which span over 25 traditional and specialty therapeutic areas.

Source: IQVIA¹¹



COUPONS AND “CO-PAY ACCUMULATORS”

NCODA HANDOUT ON COPAY ACCUMULATORS

Available at
NCODA.org



Copay Accumulators Increase Patient Costs

The Facts:

 Almost **40 percent of people** will be diagnosed with **cancer** at some point during their lifetime.

 Approximately **15 million Americans** are living with cancer.

 **Oral oncolytics** are often used to treat cancer.

836 drugs are currently in clinical development.

25% are oral agents.

Many patients have plans with high levels of cost sharing and high deductibles, meaning they are responsible for substantial out-of-pocket healthcare costs. **Prescription drug manufacturers provide coupons to help these patients afford new and innovative medicines they need to stay healthy.**

The Problem:

 The value of manufacturer coupons typically counts towards a patient's annual deductible, helping them afford medicine and treatment they need throughout the year.

 But pharmacy middlemen have created new programs which will change that, cost patients more out-of-pocket and limit access to treatment.

 New payment structures called *accumulator adjustment programs* are designed to prevent manufacturer coupons from counting towards a patient's annual deductible, which could lead to higher out-of-pocket costs and fewer patients adhering to treatment programs that help them stay healthy.

 If employers embrace these programs, more Americans could face higher out-of-pocket costs throughout the year and receive bills for treatment that would have otherwise been covered because manufacturer coupons helped meet the deductible.

What can **YOU** do?

**Don't get caught by surprise.
You can help make a difference.
Help spread the word!**

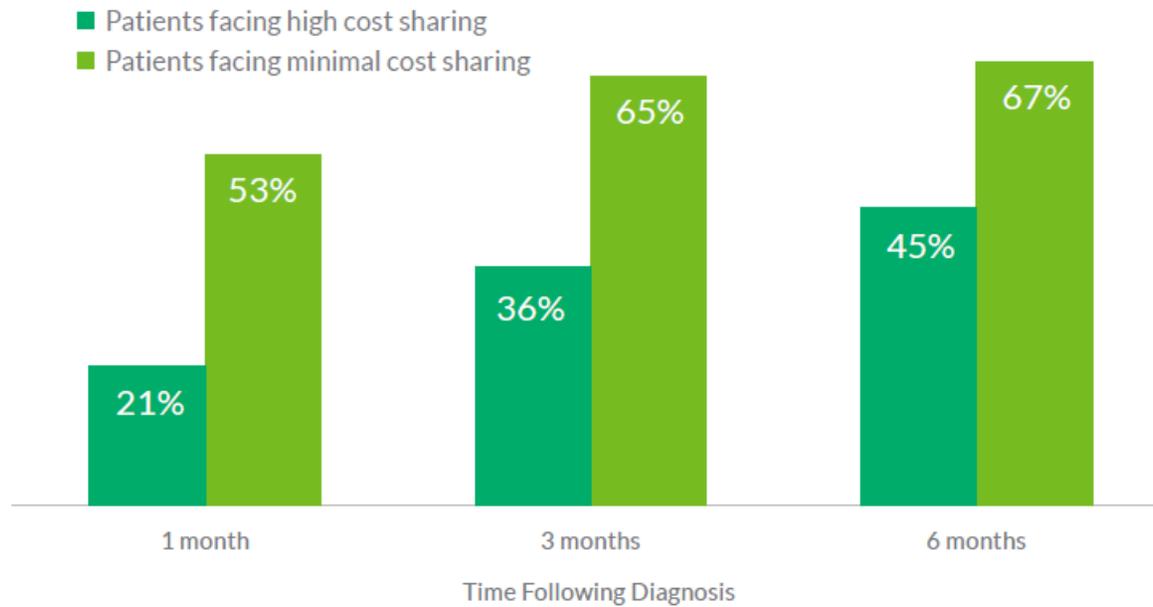
Contact your HR department or insurer to check if your plan is making this change and tell them copay accumulator programs cost you more in the long run and are the wrong choice for patients.

 National Community Oncology Dispensing Association, Inc.
PASSION FOR PATIENTS

www.ncoda.org

IMPACTS OF COST-SHARING ON TREATMENT INITIATION

Percentage of Chronic Myeloid Leukemia Patients Initiating Treatment



CO-PAY ACCUMULATORS (AKA: ACCUMULATOR ADJUSTMENT PROGRAMS)

Health plans “accumulate” patient spending to count cost-sharing payments towards patient deductible and MOOP

“Co-pay accumulators,” also known as accumulator adjustment programs, “adjust” the accumulator by *excluding* the value of coupons used for patient cost sharing towards the deductible and/or MOOP

This leaves patients at risk for unexpected cost sharing when the coupon is exhausted, or other medical expenses arise

HOW CO-PAY ACCUMULATORS WORK

- With Coupon Card

List Price	Coupon Value	Deductible	Coinsurance	MOOP
\$500	\$3,000	\$1,500	\$150 (30%)	\$8,200

	Coupon	Patient Spend	Deductible	MOOP
Start	\$3,000	\$0	\$1,500	\$8,200
Jan	\$2,500	\$0	\$1,000	\$7,700
Feb	\$2,000	\$0	\$500	\$7,200
Mar	\$1,500	\$0	\$0	\$6,700
Apr	\$1,350	\$0	\$0	\$6,550
May	\$1,200	\$0	\$0	\$6,400
Jun	\$1,050	\$0	\$0	\$6,250
Jul	\$900	\$0	\$0	\$6,100
Aug	\$750	\$0	\$0	\$5,950
Sep	\$600	\$0	\$0	\$5,800
Oct	\$450	\$0	\$0	\$5,650
Nov	\$300	\$0	\$0	\$5,500
Dec	\$150	\$0	\$0	\$5,350

- With Coupon and co-pay accumulator

	Coupon	Patient Spend	Deductible	MOOP
Start	\$3,000	\$0	\$1,500	\$8,200
Jan	\$2,500	\$0	\$1,500	\$8,200
Feb	\$2,000	\$0	\$1,500	\$8,200
Mar	\$1,500	\$0	\$1,500	\$8,200
Apr	\$1,000	\$0	\$1,500	\$8,200
May	\$500	\$0	\$1,500	\$8,200
Jun	\$0	\$0	\$1,500	\$8,200
Jul	\$0	\$500	\$1,000	\$7,700
Aug	\$0	\$1,000	\$500	\$7,200
Sep	\$0	\$1,500	\$0	\$6,700
Oct	\$0	\$1,650	\$0	\$6,550
Nov	\$0	\$1,800	\$0	\$6,400
Dec	\$0	\$1,950	\$0	\$6,250



CURRENT LEGISLATIVE & REGULATORY ENVIRONMENT

LEGISLATIVE AND REGULATORY ACTIVITIES

- The U.S. Department of Health and Human Services released the 2020 Notice of Benefit and Payment Parameters (NBPP) final rule in April 2019, which allowed commercial market health plans to use co-pay accumulators only in circumstances where a coupon is for a brand drug with a medically-appropriate generic equivalent is available. In all other circumstances, coupons would count towards a patient's MOOP
 - Current non-enforcement stance for 2020 plan year
 - Regulatory uncertainty about future of the rule's policy on co-pay accumulators...
- Some state have banned the practice of copay accumulators in state-regulated insurance markets
 - Virginia
 - West Virginia
 - Arizona
 - Illinois
 - More to follow...?

KEY TAKE-AWAY'S

Patient cost-sharing continues to increase

High-cost sharing is associated with negative patient outcomes

Manufacturer coupons can help ensure patients stay on their medications

Co-pay accumulators could potentially hamper the benefits of coupons

Policy makers are beginning to address this issue



DIR FEES

**Richard Sanders, JD, Southern Health
Lawyers, LLC**



DISCUSSION AND CONCLUSIONS



2019 NCODA Fall Summit

QUESTIONS?



2019 NCODA Fall Summit