How “Co-Pay Accumulators” Stifle Healthcare Access and Empty Patients’ Wallets

Community
Education
Group

RURAL HEALTH
SERVICE PROVIDERS NETWORK

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THE HIGH COST OF PRESCRIPTION DRUGS leaves many Americans scrambling to pay healthcare costs, especially people who are living with chronic conditions like diabetes, hepatitis C, HIV, and various types of cancer. As a result, these patients often rely upon patient assistance programs and manufacturer coupons to help them afford expensive medications. For example, in a 2019 survey of more than 3,000 cancer patients, 17% had used drug manufacturers' coupons or assistance programs.[1] These options help many lower-income patients obtain the prescriptions they need—***but those savings are often undercut or by co-pay accumulator programs.***

What is a Co-Pay Accumulator?

CO-PAY ACCUMULATOR PROGRAMS are stipulations included in many private and employer-sponsored health insurance plans, often hidden in the "fine print." Under these programs, money paid to pharmacies and healthcare providers via coupons, assistance cards, discounts, product vouchers and other third-party sources ***does not count towards patients' deductibles or out-of-pocket maximums (OPMs).*** Since reaching a deductible or OPM makes the insurance company responsible for any further cost of treatment and services covered under a plan, delaying these benchmarks makes patients liable for more costs, increasing the amount they end up paying for prescriptions and other services.

Why Do Co-pay Accumulator Programs Exist?

THE ANSWER IS SIMPLE: TO BOOST INSURERS' PROFITS. For patients living with chronic conditions, a single fill of a highly expensive drug prescription is often enough to satisfy deductibles or reach OPMs. When coupons and assistance cards count towards meeting deductibles/OPMs, patients reach those limits sooner, meaning that insurers are then on the hook for every pharmaceutical fill after that date.[2] Excluding coupons and assistance cards ***delays patients' ability to meet deductibles and OPMs, saving insurance companies money and increasing their profits.***

How Do Co-Pay Accumulator Programs Work?

CO-PAY ACCUMULATOR PROGRAMS SAVE MONEY FOR INSURERS ***by passing along higher costs to patients.*** For instance, a patient with hepatitis C might be prescribed a direct-acting antiviral (DAA) costing $28,000 per month. Even if an industry co-pay assistance program (CAP) only covers up to 25% of the drug's cost, meaning $7,000, then just by paying for the first $3,500 dose, the CAP will already meet the patient's $3,000 deductible. The patient only pays a token amount out of pocket, perhaps $5, while the CAP pays the other $3,495, and all future doses are billed to the insurer.

However, if the plan includes a co-pay accumulator program, that CAP payment will not count towards meeting the patient's deductible. Instead, the patient uses the CAP for the second dose as well, hitting the CAP maximum of $7,000 yet even then still not meeting their plan's deductible. With no more help from the CAP, the patient then has to spend $3,000 out of pocket for the next dose before finally hitting their deductible. This saves the insurance company $10,000 by costing the patient $3,000 and the CAP $7,000 before the insurance company even begins helping to pay for the drug.

How Do Co-Pay Accumulator Programs Impact Consumers?

CO-PAY ACCUMULATOR PROGRAMS AFFECT MILLIONS OF PEOPLE. In fact, about 40% of Americans are insured under plans that include co-pay accumulator programs.[3] ***As a result, they end up paying exponentially more out of pocket***, due to situations like the one described above. Lower-income patients are naturally most at risk, but so are rural patients, who experience a higher rate of chronic conditions such as high cholesterol, high blood pressure, arthritis, asthma, diabetes, and heart disease than people living in metropolitan areas. Since rural Americans already face additional costs for things like transportation when attempting to access treatment, as well as barriers like limited access to specialists and to telehealth/telemedicine services, the added burden imposed by co-pay accumulator programs constitutes a grave threat to many rural patients' ability to afford their medications.

Does My Insurance Plan Include a Co-Pay Accumulator Program?

IF YOU ARE PURCHASING A PLAN THROUGH A PRIVATE HEALTH INSURANCE MARKETPLACE, check the plan descriptions carefully before enrolling, to see if a co-pay accumulator program is in place. This can be difficult, because some companies use seemingly innocent language such as "Out-of-Pocket Protection Program" (Express Scripts), "True Accumulation" (Caremark), or "Coupon Adjustment: Benefit Plan Protection Program" (UnitedHealthcare). More examples of wording used to describe (or disguise) co-pay accumulator programs may be

found here. If your employer sponsors or provides your insurance coverage, ask whoever at your job handles insurance-related issues about co-pay accumulators in your plan.

Are Co-Pay Accumulator Programs Regulated?

THE CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) previously proposed blocking co-pay accumulator programs from being included in health insurance plans sold on the Affordable Care Act (ACA) marketplace. CMS also looked at banning such programs in the case of branded drugs without therapeutic alternatives.[4] However, recently CMS finalized a rule that backtracked on those issues. This reversal means that ***individuals and families purchasing private plans from some ACA marketplaces may end up paying much more for prescriptions and other healthcare services***. Currently, the new rule permitting co-pay accumulator programs is on hold, pending the end of the COVID-19 pandemic. Until that time, plans may exclude drug manufacturer support from a patient's annual out-of-pocket limit only if a generic version of the drug is available.

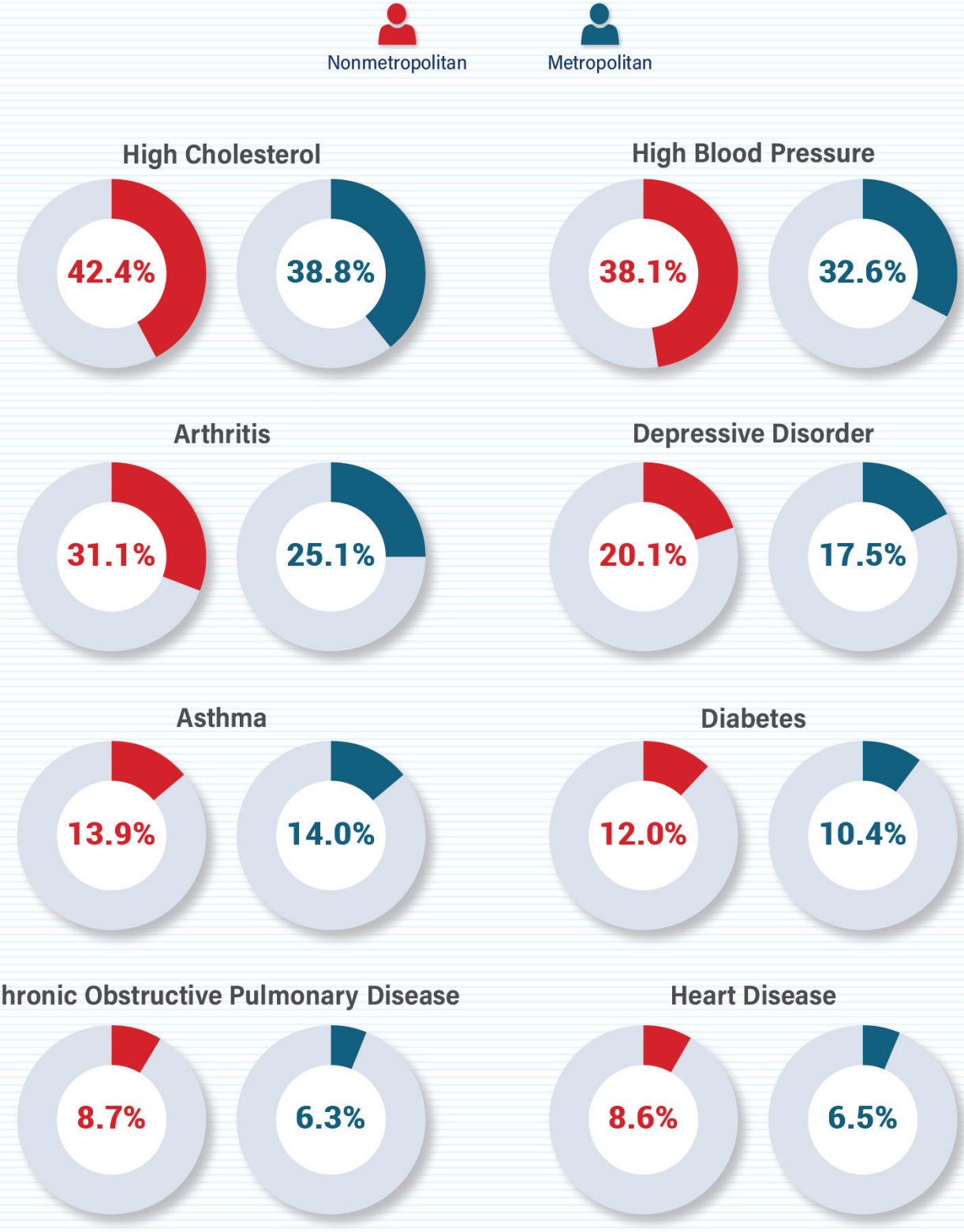
What Can I Do to Help Stop Co-Pay Accumulator Programs?

INDIVIDUAL STATES MAY ACT TO BAN OR LIMIT CO-PAY ACCUMULATOR PROGRAMS, and so far five states have done so: Arizona, Georgia, Illinois, Virginia, and West Virginia. In these states, it is harder for insurance companies to exclude payments made on patients' behalf by assistance programs. In some cases the degree of protection depends on the types of drugs prescribed, though West Virginia's ban applies to all drugs.

Contact your representatives in your state's legislature, and ask them to ban co-pay accumulators in insurance plans offered in your state. Remind them that co-pay accumulator programs limit healthcare for those who need it most—people who are already struggling to access and afford the services and drugs they need.

[1] Andrews, 2020 | [2] Hopkins, 2020 | [3] Schweitz, 2019 | [4] Fox, Atkins, & Trunk, 2020

CHRONIC DISEASE AND CONDITION PREVALENCE, 2013



Source: Chronic Disease Disparities by County Economic Status and Metropolitan Classification, Behavioral Risk Factor Surveillance System, 2013, Preventing Chronic Disease, September 2016

Case Study 1:

PrEP - Silver Level High Deductible Plan (Co-Pay)

Plan Deductible (combined medical and Rx): **$3,000**

Industry CAP (Co-pay Assistance Program) annual maximum: **$4,800**

Plan OOP (Out of Pocket) annual maximum: **$6,000**

Drug cost sharing for preferred brand: **$50 after deductible**
WAC monthly drug price: **$1,676**

	MEDICATION COSTS			
	Counting Industry Co-pay Card Toward Deductible and OOP Max.		**Not Counting** Industry Co-pay Card Toward Deductible and OOP Max.	
	Consumer Pays	**Industry Co-pay** Card Pays	**Consumer** Pays	**Industry Co-pay** Card Pays
January	$0	**$1,676**	$0	**$1,676**
February	**$0** **Plan Deductible hit**	**$1,374**	$0	**$1,676**
March	$0	**$50**	**$228** **Industry CAP max. hit**	**$1,448**
April	$0	**$50**	**$1,676**	$0
May	$0	**$50**	**$1,146** **Plan Deductible hit**	$0
June	$0	**$50**	**$50**	$0
July	$0	**$50**	**$50**	$0
August	$0	**$50**	**$50**	$0
September	$0	**$50**	**$50**	$0
October	$0	**$50**	**$50**	$0
November	$0	**$50**	**$50**	$0
December	$0	**$50**	**$50**	$0
Annual Consumer Cost	**$0**		**$3,400**	
Total Amount Collected by Insurance Plan	**$3,500**		**$8,200**	

Case Study 2:

PrEP - Silver Level High Deductible Plan (Co-Insurance)

Plan Deductible (combined medical and Rx): **$3,000**

Industry CAP (Co-pay Assistance Program) annual maximum: **$4,800**

Plan OOP (Out of Pocket) annual maximum: **$6,000**

Drug cost sharing for preferred brand: **20% after deductible**
WAC monthly drug price: **$1,676**

MEDICATION COSTS

	Counting Industry Co-pay Card Toward Deductible and OOP Max.		**Not Counting** Industry Co-pay Card Toward Deductible and OOP Max.	
	Consumer Pays	**Industry Co-pay** Card Pays	**Consumer** Pays	**Industry Co-pay** Card Pays
January	$0	**$1,676**	$0	**$1,676**
February	**$0** Plan Deductible hit	**$1,394**	$0	**$1,676**
March	$0	**$335**	**$228** Industry CAP max. hit	**$1,448**
April	$0	**$335**	**$1,676**	$0
May	$0	**$335**	**$1,212** Plan Deductible hit	$0
June	$0	**$335**	**$335**	$0
July	$0	**$335**	**$335**	$0
August	**$280** Industry CAP max. hit	**$55**	**$335**	$0
September	**$335**	$0	**$335**	$0
October	**$335**	$0	**$335**	$0
November	**$250**	$0	**$335**	$0
December	**$0** Plan OOP annual max. hit	**$0**	**$335**	$0
Annual Consumer Cost	**$1,200**		**$5,461**	
Total Amount Collected by Insurance Plan	**$6,000**		**$10,261**	

Case Study 3:

HIV STR - Silver Level High Deductible Plan

Plan Deductible (combined medical and Rx): **$3,000**

Industry CAP (Co-pay Assistance Program) annual maximum: **$6,000**

Plan OOP (Out of Pocket) annual maximum: **$6,000**

Drug cost sharing for preferred brand: **$50 after deductible**

WAC monthly drug price: **$3,090**

MEDICATION COSTS

	Counting Industry Co-pay Card Toward Deductible and OOP Max.		**Not Counting** Industry Co-pay Card Toward Deductible and OOP Max.	
	Consumer Pays	**Industry Co-pay** Card Pays	**Consumer** Pays	**Industry Co-pay** Card Pays
January	$0 **Plan Deductible hit**	$3,050	$0	**$3,090**
February	$0	**$50**	$180 **Industry CAP max. hit**	$2,910
March	$0	**$50**	$2,870 **Plan Deductible hit**	$0
April	$0	**$50**	**$50**	$0
May	$0	**$50**	**$50**	$0
June	$0	**$50**	**$50**	$0
July	$0	**$50**	**$50**	$0
August	$0	**$50**	**$50**	$0
September	$0	**$50**	**$50**	$0
October	$0	**$50**	**$50**	$0
November	$0	**$50**	**$50**	$0
December	$0	**$50**	**$50**	$0
Annual Consumer Cost	**$0**		**$3,500**	
Total Amount Collected by Insurance Plan	**$3,600**		**$9,500**	

Case Study 4:

HCV DAA - Silver Level High Deductible Plan

Plan Deductible (combined medical and Rx): **$3,000**

Industry CAP (Co-pay Assistance Program) maximum: **25% catalog price after $5 paid by consumer**

Plan OOP (Out of Pocket) annual maximum: **$6,000**

Drug cost sharing for preferred brand: **$50 after deductible**

WAC monthly drug price: **$27,773**

	MEDICATION COSTS			
	Counting Industry Co-pay Card Toward Deductible and OOP Max.		**Not Counting** Industry Co-pay Card Toward Deductible and OOP Max.	
	Consumer Pays	**Industry Co-pay** Card Pays	**Consumer** Pays	**Industry Co-pay** Card Pays
January	**$5** **Plan Deductible hit**	**$3,045**	**$3,050** **Industry CAP max. & Deductible hit**	**$6,943**
February	**$5**	**$45**	**$5**	**$45**
March	**$5** (12 wk. course of treatment complete)	**$45**	**$5** (12 wk. course of treatment complete)	**$45**
April				
May				
June				
July				
August				
September				
October				
November				
December				
Consumer Cost to Cure	**$15**		**$3,060**	
Total Amount Collected by Insurance Plan	**$3,150**		**$10,093**	