

CO-PAY COUPONS

People are living longer, healthier lives today with the help of advanced medicine. But innovative drugs can be expensive.

Insurance companies increasingly shift these drug costs to patients through coinsurance and co-pay requirements. In recent years, drug manufacturers have responded by offering co-pay coupons and co-pay assistance programs to help patients manage higher out-of-pocket expenses for prescription drugs.

Q: How do co-pay coupons work?

A patient can obtain a co-pay coupon for a prescribed medication from his or her doctor, or from the drug manufacturer online or through the mail. The patient presents the coupon to the pharmacy, which applies it as a discount to the co-pay required by the patient's insurance company. The pharmacy then submits the coupon to the manufacturer, who pays the remaining part of the co-pay to the insurer on the patient's behalf.

HOW DO CO-PAY COUPONS WORK?



Doctor or manufacturer provides co-pay coupon to patient



Co-pay coupon discount applied at pharmacy



Pharmacy submits coupon to manufacturer



Manufacturer pays remaining co-pay to insurance

Q: How do co-pay coupons differ from co-pay assistance programs?

Co-pay assistance programs provide patients with direct financial aid in paying for prescription medications. They are operated by non-profit groups, and vary from medication to medication, and illness to illness. Patients may apply for assistance programs themselves, or physicians or pharmacists may apply on their behalf.⁴

Unlike co-pay coupons, co-pay assistance is need-based, requiring patients to meet specific income guidelines. Co-pay assistance can also be used by patients with Medicare Part D, though the use of co-pay coupons for this patient population is prohibited by law.⁵ Co-pay assistance programs are different from patient assistance programs operated by pharmaceutical manufacturers, which may provide free medications to patients who demonstrate financial need and/or lack insurance coverage.

HOW DO CO-PAY COUPONS DIFFER FROM CO-PAY ASSISTANCE PROGRAMS?



CO-PAY COUPONS

- Provide discount on medications
- Funded by manufacturers
- Specific to one medication
- Cannot be used by Medicaid & Medicare recipients



CO-PAY ASSISTANCE PROGRAMS

- Provide direct financial assistance
- Operated by non-profits
- Cover various medications and illnesses
- Need-based
- Can be used by patients with government-sponsored health care plans

Q: What are the benefits of using co-pay coupons and assistance programs?

Co-pay coupons can make it more affordable for patients to faithfully follow the medication regimen recommended by their physician.

High drug costs can discourage patients from taking their medication as directed or force them to skip refilling their prescriptions completely when their budgets can't handle the expense. By reducing the out-of-pocket burden associated with patients' treatment, co-pay coupons and assistance programs allow greater access to prescribed medications that help control patients' symptoms.

When patients have help with their co-pays, their treatments are more likely to be based on doctors' recommendations instead of on their ability to pay. Co-pay coupons and assistance programs may also provide patients a recourse in the face of insurance companies' cost-cutting efforts, such as placing some drugs on specialty tiers with higher out-of-pocket expenses that may deter patients from filling or refilling their prescription.



Q: What are the drawbacks of using co-pay coupons?

Criticisms of co-pay coupons include fears that they could discourage patients from selecting lower-priced alternatives or generic drugs, increasing the cost of treatment. Coupons can also limit health plans' ability to reduce overall drug costs by varying co-pay amounts for different-priced medications, and there is some evidence that co-pay coupons may result in higher prescription drug prices.¹

Higher insurer costs resulting from the use of co-pay coupons can be passed on to employers and policyholders in the form of higher premiums, higher deductibles, and increased co-pays.

Q: Are there restrictions on the use of co-pay coupons?

Medicare and Medicaid recipients cannot use co-pay coupons. The Office of Inspector General declared that they violate the federal Anti-Kickback Statute,² rules originally enacted by Congress to prevent fraud and abuse of federal health care programs.³ Some Affordable Care Act exchange insurers have prohibited their use as well, based on opinions that the anti-kickback rules could apply to their policyholders too.

In addition, a few states have implemented or considered restrictions on the use of co-pay coupons. Some coupons can be used only a limited number of times, and insurers may decide to exclude coupons for specialty tier and other drugs.

Q: How can co-pay coupon restrictions affect patients?

Restrictions on co-pay coupons can create problems, forcing patients to choose medications based strictly on price instead of on the best outcome. Eliminating co-pay coupons can essentially block access to specific drugs that doctors have prescribed for their patients, changing medical decisions into budgetary ones. Faced with high drug prices and no coupons to help cover the cost, some patients may ration treatments or even cut back on essential expenditures such as monthly utility bills or groceries.

Eliminating or restricting co-pay coupons can also be one form of non-medical switching, where insurers force stable patients to switch to cheaper drugs even if a costlier treatment works better for them.

Co-pay coupons can make it more affordable for patients TO FAITHFULLY FOLLOW THE MEDICATION REGIMEN RECOMMENDED BY THEIR PHYSICIAN.

CONCLUSION

Co-pay coupons and co-pay assistance programs can be good for patients, a way to help make sure high prices don't stand between patients and their prescribed medications. They can improve patient access to otherwise unaffordable drugs.

Insurance providers can use cost-cutting strategies—such as prior authorization, fail first requirements, high co-pays, specialty tiers, and formulary exclusions—to bring down their costs. But patients have fewer options. Co-pay coupons and assistance programs give them some leverage and keep them from having to make what can be difficult decisions about budgets and spending priorities.

Scrutiny of co-pay coupons and assistance programs is fair, but responses and restrictions should look not just at upfront drug costs but also at related health care expenses. For example, drug treatments that carry a high initial expense can sometimes result in less money spent on doctor exams, emergency room visits, or hospital stays. Most importantly, decisions about co-pay coupons and assistance programs should fully weigh their effect on the ability of physicians and patients to make and follow the health care treatment paths that are best for the patient.

REFERENCES

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