

Copay Accumulator Adjustment Programs & the Harmful Cost to Rhode Islanders

March 2024



What are Copay Accumulator Adjustment Programs?

- Many patients have difficulty affording the cost of their prescription drugs, especially those without a cheaper generic alternative available. Copay assistance programs can provide needed financial relief to cancer patients and those with chronic illnesses who rely on costly medications. These programs are offered by manufacturers, charitable organizations, and other third parties to help offset the cost sharing associated with high-cost drugs.
- In recent years, insurers have implemented 'Copay Accumulator Adjustment Programs', a harmful program which allows an individual to use copay assistance, but doesn't count the amount of the support used towards the individual's deductible or max out-of-pocket amount (MOOP). Even as patient assistance is being paid to the insurer on behalf of the patient, only the funds spent directly by the consumer count.
- Copay Accumulator Adjustment Programs cause patients to see increased out-of-pocket costs and take longer to reach their required deductibles and out-of-pocket maximums.
- **Copay Accumulator Adjustment Programs put patients and their families in an impossible situation – having to choose between their health and other financial obligations.**

Who is impacted?

- In Rhode Island, 1 in 2 private insurance plans include copay accumulator adjustment policies. These policies are often implemented without a patient's knowledge or full understanding of how the program works and affects their out-of-pocket costs.
- A May 2022 survey conducted by the American Cancer Society Cancer Action Network (ACS CAN) found that over a quarter of those who enrolled in patient assistance programs report that the assistance they received was not applied to their deductible or other out-of-pocket cost requirements and another 22% were unsure. Most people enrolled in copay assistance programs agree that this assistance provides access to medication that they otherwise couldn't afford.

What do Health Insurers Say?

Health insurance companies will assert that restricting accumulator and maximizer programs will cause higher health insurance premiums for everyone, but that claim is **false**. In a report released by the Global Healthy Living Foundation, there is no statistically significant change to premiums, nor is the rate of health insurance premiums rising in states with protective, patient-centered legislation to ban accumulator adjustment policies.

Copay Accumulators & Health Equity

Prescription drug costs are a challenge for nearly one-third of cancer patients and survivors, with one-in-five individuals skipping or delaying taking prescribed medications due to costs. The negative impacts of not being able to benefit from a copay assistance program are even greater among some patient populations, with many Black, Hispanic, and Asian cancer patients and survivors reporting they have declined treatment due to cost after finding they were unable to enroll in a copay assistance program.

PLEASE SUPPORT S2720 / H8041 TO RESTRICT THE USE OF COPAY ACCUMULATOR ADJUSTMENT PROGRAMS IN RHODE ISLAND

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Impact on Rhode Islanders

“I rely on my copay assistance card to help me afford the drugs I need to live a life free from the pain and discomfort caused by my health condition. When my insurance stepped-in and told me that any assistance I get to help me afford my medications would not be credited toward my deductible, I was devastated.

I believe it is wrong for insurance companies to make it more difficult for patients to afford the drugs they need. It is time for Rhode Island to join other states that have put an end to these insurance company tactics.”

Paul A. – Woonsocket, RI



Supporters of S2720/H8041 in Rhode Island:



For more information please contact:
 Ryan T. Strik, ACS CAN Rhode Island Government Relations Director
 Ryan.Strik@cancer.org | (401) 259-1052

Example Patient Profile: Sarah | Adjustment Program: Accumulator Adjustment Program

Accumulator adjustment programs are used by health plans and Pharmacy Benefit Managers (PBMs) to prevent prescription drug copay assistance from being applied to patients' deductible and maximum out-of-pocket (MOOP) limit. Accumulator adjustment programs can increase patients' out-of-pocket costs and put their health at risk, especially those with serious and chronic illnesses. Increases in out-of-pocket costs can undermine medication adherence, which could lead to negative health outcomes for patients and higher overall health care costs.

Patient Information: Sarah, age 45, lives in Oregon

Conditions Requiring Treatment: Human Immunodeficiency Virus (HIV)¹

Health Plan: Silver Plan purchased on the Oregon Health Exchange²

OR Health Plan Benefit	
Deductible	\$4,800
Maximum Out-Of-Pocket	\$9,100
Prescription Drug Benefit	
Tier 1 Preferred Generic	\$15 copay
Tier 2 Generic	\$60 copay
Tier 3 Preferred Brand	50% coinsurance
Tier 4 Nonpreferred Brand	50% coinsurance
Tier 5 Preferred Specialty	40% coinsurance
Tier 6 Specialty	50% coinsurance

Scenarios

1. No manufacturer copay assistance or accumulator adjustment program)

- Sarah reaches her maximum out-of-pocket (MOOP) of \$9,100 in May without any copay assistance. She pays 50% coinsurance on her HIV drug until she reaches her MOOP.

Drug	Tier	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Brand product for HIV ³	Tier 3	\$1,898	\$1,898	\$1,898	\$1,898	\$1,898	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative Patient OOP		\$1,898	\$3,795	\$5,693	\$7,590	\$9,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0

MOOP Met⁴

2. Copay assistance totaling \$7,200 is applied to Sarah's HIV treatment with no accumulator adjustment

- A manufacturer copay assistance program for Sarah's HIV medication offers up to \$7,200 per year.
- Sarah receives manufacturer cost-sharing assistance of \$1,898 per month from January through March to count towards Sarah's 50% coinsurance for her HIV product.
- In April, \$1,510 – the remaining copay assistance amount – is applied toward Sarah's 50% coinsurance to access her HIV treatment and she pays the remaining \$388 out of pocket.
- In May, Sarah pays \$1,896 in out-of-pocket costs for her HIV medication after the copay assistance maximum is reached. She meets her MOOP.
- Compared to the baseline scenario, Sarah still meets her MOOP in May but pays \$7,200 less out of pocket for her prescriptions.

Drug	Tier	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
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¹ HIV is a virus that weakens the body's immune system. While there is no cure, medical care and medication can allow patients with HIV to live healthy lives. Centers for Disease Control and Prevention. About HIV. [Available here.](#)

² This exchange plan covers drugs at the stated cost sharing pre-deductible and prescription drugs are not subject to a patient's deductible.

³ Medication: Brand antiretroviral; Dosage: By mouth, daily

⁴ Key applied to every table

Manufacturer copay assistance provides up to \$7,200 per year		\$1,898	\$1,898	\$1,898	\$1,510	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Brand product for HIV	Tier 3	\$0	\$0	\$0	\$388	\$1,508	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative Patient OOP + Manufacturer Support		\$1,898	\$3,796	\$5,694	\$7,592	\$9,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative Patient OOP		\$0	\$0	\$0	\$388	\$1,896	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Actual Patient OOP													
MOOP Met													

3. Accumulator adjustment program is applied to Sarah's benefit design)

- A manufacturer's copay assistance program covers Sarah's out-of-pocket costs for her HIV drug until the assistance runs out in April; however, the assistance does not count toward her MOOP.
- In April, since the copay assistance was not counted towards Sarah's MOOP, Sarah must begin paying \$1,898 (50% coinsurance) through September until she meets her MOOP.
- With an accumulator adjustment program in place, Sarah does not meet her MOOP until September and pays \$7,200 more out-of-pocket. If the accumulator adjustment program had not been applied, she would have met her MOOP in May.

Drug	Tier	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	
Manufacturer copay assistance provides up to \$7,200 per year		\$1,898	\$1,898	\$1,898	\$1,506	\$0	\$0	\$0	\$0	\$0	
Brand product for HIV	Tier 3	\$0	\$0	\$0	\$392	\$1,898	\$1,898	\$1,898	\$1,898	\$1,116	
Cumulative Patient OOP + Manufacturer Support		\$1,898	\$3,796	\$5,694	\$7,592	\$9,490	\$11,383	\$13,286	\$15,184	\$16,300	
Cumulative Patient OOP		\$0	\$0	\$0	\$392	\$2,290	\$4,188	\$6,086	\$7,984	\$9,100	
Actual Patient OOP											
MOOP Met											

Key Takeaways

- With an accumulator adjustment program in her benefit design, copay assistance does not count toward Sarah's deductible or out-of-pocket maximum. Because of this, Sarah faces unexpected costs in the middle of the year when she goes to pick up her HIV medicine at the pharmacy. The unexpected cost might cause Sarah to abandon her medicine at the pharmacy counter leading to worse health outcomes.
- Sarah's overall out-of-pocket costs are significantly less when copay assistance is applied toward her deductible and MOOP. An accumulator adjustment program leads Sarah to pay \$7,200 more out of pocket over the course of the year for her HIV medication.
- Along with paying for her medication for HIV, there may be other medical services or drugs Sarah would be able to access without cost-sharing if she was able to meet her MOOP earlier in the year, which is prevented by an accumulator adjustment program.
- **Please support H8041 / S2720, which will ensure that all payments made by patients – either directly or on their behalf - are counted toward their overall out-of-pocket maximum payment or deductible.**

Patient Assistance Programs

Many cancer patients have difficulty affording the cost of their prescription drugs, regardless of whether they are insured. This is especially true for newer drugs that do not have a generic equivalent. Many programs exist to help patients afford their medication. This fact sheet focuses on two of these – copay assistance programs and patient assistance programs.

Manufacturer Support Through Copay Assistance

Some prescription drug manufacturers operate programs that directly support the uninsured or privately-insured patient for use of the manufacturer's products. These include:

- **Copay cards:** the manufacturer distributes copay cards in paper or electronic form that the patient brings to the pharmacy and uses to get a discount on their cost-sharing. These cards can be distributed through providers, or directly to patients via mass media or websites. Some cards work for multiple fills of one drug, or for multiple drugs.
- **Electronic “switch”:** An electronic process that activates discounts in pharmacy computer systems but does not require a physical card.

Because of Federal Anti-Kickback statutes, manufacturers are prohibited from directly paying for any part of drug costs for patients relying on a Federal Health Care Program (FHCP) including Medicare and veterans' programs and having those costs count towards the patient's out-of-pocket costs.¹

Charitable Patient Assistance Programs

Tax-exempt charities are legally permitted to provide patient assistance programs, such as serving patients with certain diseases or supporting low-income or uninsured patients. These copay foundations accept charitable funding with general public support and corporate giving, including pharmaceutical companies. These programs are permitted to support FHCP patients, on the condition they operate within the parameters defined by the U.S. Health and Human Services Office of Inspector General.

Requirements for eligibility in the programs vary: some programs only assist uninsured patients, others will assist patients who have insurance but whose plan does not cover the drug the patient needs, and others will assist patients who have coverage for a particular drug, but cannot afford the required copay, coinsurance or deductible. Once enrolled in a program, patients are instructed on how to pay for their medication – often with a discount card or a card that functions like a credit card.

Impact of Programs

Patient or copay assistance programs help many cancer patients afford their medications. In many cases a cancer patient needs a drug that does not yet have a modestly-priced generic or other alternative to taking the specific medication their provider has prescribed. A patient/copay assistance program's financial support can give patients access to a life-saving drug that they otherwise could not afford. Some policymakers argue that these programs potentially increase prescription drug costs by allowing the manufacturers to keep the "list price" of their drugs high, but without these programs many cancer patients are left with few options to pay for their therapies. Additionally, some argue that these programs cause patients and doctors to choose more expensive drugs, where generic or cheaper alternatives exist. This reduces a plan's ability to steer patients towards more cost-effective drugs and may increase premiums.² However, many of the programs exist for drugs without generic alternatives.

Further, even lower cost drug treatments, especially over a period of months, can be out-of-reach for many low-income people. Studies of patients with certain treatment types report a significant drop in adherence when co-pays increase to a range of \$30 to \$90.³ Of economically vulnerable patients with any condition surveyed with various levels of coverage, nearly 60 percent projected they were extremely concerned they would be unable to cover out-of-pocket medication costs over the next 12 months.⁴

Some state legislatures have considered bills that prohibit drug manufacturers from establishing copay assistance programs in the state, or otherwise pay, waive or reimburse a patient for his or her insurance copay. Additionally, some pharmacy benefit managers, insurers and/or employers are implementing "accumulator adjustment programs," which prevent the costs that are covered by a patient or copay assistance program from applying towards the patient's deductible or out-of-pocket maximum. With no policy to require transparency in how often these programs are implemented or regarding which drugs, it is unclear how often these policies are implemented or enforced with regard to cancer drugs.

ACS CAN Position

A decision regarding oncology treatment should be a medical decision between a doctor and patient. Patient assistance programs help enrollees to have access to the most appropriate prescription drugs. Prohibiting the use of these programs could deny cancer patients access to medically necessary prescription drugs. At the same time, these programs should not be used to steer patients toward a higher-cost medication when a less expensive alternative is available, covered, and medically appropriate for an enrollee. ACS CAN supports legislation to require that prescription drug copay assistance be counted toward the patient's out-of-pocket cost obligations.

¹ Centers for Medicare and Medicaid Services. Memorandum To: All Part D Sponsors. HPMS Q & A - Patient Assistance Programs. October 4, 2006. [DEPARTMENT OF HEALTH & HUMAN SERVICES \(cms.gov\)](https://www.cms.gov/DEPARTMENT_OF_HEALTH_AND_HUMAN_SERVICES)

² Starner CI, Alexander GC, Bowen K, Qiu Y, Wickersham PJ, Gleason PP. Specialty drug coupons lower out-of-pocket costs and may improve adherence at the risk of increasing premiums. *Health Aff Oct 2014 vol. 33 no. 10 1761-1769.*

³ Neugut, AI, Subar M, Wilde ET, Stratton S, Brouse CH, Hillyer GC, et al. Association between prescription copayment amount and compliance with adjuvant hormonal therapy in women with early-stage breast cancer. *Journal of Clinical Oncology*. Vol 29, no 18. June 20, 2011.

⁴ Narang, AK, Nicholas, LH. Out-of-Pocket Spending and Financial Burden Among Medicare Beneficiaries with Cancer. *JAMA Oncology*. November 23, 2016.