



March 19, 2023

The Honorable Judy Lee, Chair Senate Human Services Committee
The Honorable Sean Cleary, Vice Chair Senate Human Services Committee
North Dakota Senate Human Services Committee Members
State Capitol
600 East Boulevard
Bismarck, ND 58505-0360

Re: **HB 1413 – Relating to Out-of-Pocket Expenses for Health Care Services**
PCMA Testimony in Opposition to HB 1413

Dear Chair Lee, Vice Chair Cleary and Committee Members:

My name is Michelle Mack and I represent the Pharmaceutical Care Management Association commonly referred to as PCMA. PCMA is the national trade association for pharmacy benefit managers (PBMs), which administer prescription drug plans for more than 275 million Americans with health coverage provided by large and small employers, health insurers, labor unions, and federal and state-sponsored health programs

PCMA appreciates the opportunity to provide testimony on HB 1413, a bill which would require insurers to count any amount paid by enrollees (directly or on their behalf) toward an enrollee's overall contribution to any out-of-pocket maximum or any cost-sharing requirement under the policy. PCMA respectfully opposes HB 1413.

I want to emphasize at the outset that **PCMA does *not* oppose true means-tested patient assistance programs that help individuals afford their prescription drugs.** There is an important difference between means-tested patient assistance programs and copay coupons, which are targeted to individuals with health insurance.

The unfettered price increases of prescription drugs put patients at risk and health plan sponsors in the difficult position of either having to cut benefits or increase premiums, copays and deductibles. While health plans pay the vast amount of their members' prescription drug costs, drug manufacturers' price increases have forced health plans to create new benefit designs that keep monthly premiums as low as possible—but require some members to shoulder more of the cost before their deductible is met.



Drug manufacturers encourage patients to disregard formularies and lower cost alternatives by offering “coupons” to help the patient cover that higher cost. This ultimately steers patients away from cheaper alternatives and towards more expensive brand drugs (with higher cost sharing obligations), completely undermining the formulary offered by a plan sponsor.

Here are the facts when it comes to manufacturer coupons:

- The prices for drugs with manufacturer coupons **increase faster (12-13% per year)** compared to non-couponed drugs (7-8% per year).¹
- If Medicare’s ban on coupons were not enforced, costs to the program would **increase \$48 billion** over the next ten years.²
- Coupons were responsible for a **\$32 billion increase** in spending on prescription drugs for commercial plans.³
- For every \$1 million in manufacturer coupons for brand drugs, **manufacturers reap more than \$20 million in profits (20:1 return)**.⁴

By definition, copay coupons target only those who already have prescription drug coverage (i.e., those who pay copays). Copay coupons are not means-tested or designed to help the poor or uninsured. Considered illegal kickbacks in federal health programs, copay coupons are still permitted in the commercial market.

Supporters of coupons say that they decrease costs for patients. While they can decrease an individual patient’s cost at the pharmacy counter, they do not reduce **actual** costs. **Coupons are temporary—the individual patient likely pays more when the coupon goes away, instead of being started on the formulary drug from the start. It is the manufacturer who benefits by forcing the plan (indirectly the patient) to pay for the more expensive drug.**

If drug companies are concerned about patients accessing medications, they should simply lower their prices, yet drug makers have determined that it is more profitable to increase copay assistance rather than just making their medications more affordable. The simplest, most effective way to reduce patient cost on drugs is for manufacturers to drop the price of the drug.

Copay accumulator programs are health plan programs designed to thwart drug manufacturers’ efforts to force employers, unions, and public programs to pay for

¹Leemore Dafny, Christopher Ody, and Matt Schmitt. When Discounts Raise Costs: The Effect of Copay Coupons on Generic Utilization. The National Bureau of Economic Research. October 2016.

²Visante. Drug Manufacturer Coupons Raise Costs in Medicare Part D, Hurting Vulnerable Beneficiaries. May 2020.

³Visante. How Copay Coupons Could Raise Prescription Drug Costs By \$32 Billion Over the Next Decade. November 2011.

⁴Dafny et al. October 2016



expensive, unnecessary brand medications through the use of copay coupons. Accumulators typically disallow the counting of the manufacturer's coupon towards the patient's out-of-pocket maximum and deductible because the patient hasn't actually incurred the cost. This ensures that the patient has the incentive to use the plan formulary to get to the lowest net cost and that the plan functions as it was designed.

It is for these problematic provisions noted above that we must respectfully oppose HB 1413.

Thank you for your time and consideration. Please contact me should you have any questions or concerns.

Sincerely,

A handwritten signature in blue ink that reads "Michelle Mack". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Michelle Mack
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