

## Copayment coupons undermine formularies

**W**ho doesn't want to save a few bucks these days? Members are getting a deal when they use copayment coupons provided by drug manufacturers. But coupons used by manufacturers of branded drugs, often to combat the generic wave of medications that will soon wash over the traditional pharma industry, could increase the costs to employers, unions, and other payers over the next 10 years by \$32 billion, according to the Pharmaceutical Care Management Association, the trade group made up of pharmacy benefit managers.

Mark Merritt, CEO, says, "Copayment coupons are used to make members avoid switching from branded drugs to generic. It's a way to get consumers to use more expensive versions of the same drug."

The other problem is that coupon programs exist outside of the normal claim adjudication process. Typically, claims are adjudicated when a member fills the prescription. "Everyone knows what happens," says Merritt. But manufacturers set up the coupon program like a "shadow claims system, so that the coupons are processed separately in a system where the payers can't see when the coupons are being used. It makes it difficult to underwrite the policies."

To combat these coupons, insurers can educate their members, vigorously promote the use of generics, and emphasize use of mail order pharmacy, especially for chronic conditions. "Mail order pharmacy manages claims service from tooth to tail and will not accept these types of coupons," says Merritt.

### Estimated increase (millions) in Rx costs from coupons, 2012-2021\*

Alabama	\$608	Montana	\$96
Alaska	\$62	Nebraska	\$189
Arizona	\$591	Nevada	\$253
Arkansas	\$308	New Hampshire	\$164
California	\$2,454	New Jersey	\$1,043
Colorado	\$410	New Mexico	\$165
Connecticut	\$447	New York	\$2,316
Delaware	\$138	North Carolina	\$1,120
District of Columbia	\$84	North Dakota	\$64
Florida	\$2,052	Ohio	\$1,511
Georgia	\$974	Oklahoma	\$401
Hawaii	\$123	Oregon	\$338
Idaho	\$149	Pennsylvania	\$1,756
Illinois	\$1,387	Rhode Island	\$140
Indiana	\$803	South Carolina	\$547
Iowa	\$297	South Dakota	\$64
Kansas	\$309	Tennessee	\$890
Kentucky	\$599	Texas	\$2,560
Louisiana	\$509	Utah	\$277
Maine	\$140	Vermont	\$67
Maryland	\$709	Virginia	\$935
Massachusetts**	\$0	Washington	\$638
Michigan	\$1,121	West Virginia	\$261
Minnesota	\$571	Wisconsin	\$617
Mississippi	\$291	Wyoming	\$51
Missouri	\$681	<b>U.S. total</b>	<b>\$32,276</b>

\*Expenses are rounded to the nearest million. \*\*Copayment coupons are illegal in Massachusetts.

Source: Pharmaceutical Care Management Association, "How Copay Coupons Could Raise Prescription Drug Costs by \$32 Billion Over the Next Decade." November 2011.