

The pluses and minuses of drugmakers' discount cards

September 14 2016, by Matthew Perrone

Facing public furor for the price of its emergency allergy shot EpiPen, Mylan Pharmaceuticals quickly pointed to a familiar industry solution: copay discount cards.

Copay coupons or [cards](#) have become a ubiquitous part of the pharmaceutical business, offered through websites, mobile apps and doctor's offices. Patient advocates say they can bring down out-of-pocket expenses for patients who face high copays and deductibles. Mylan last month boosted its discount cards to cover \$300 of insured patients' copay costs, up from \$100.

But they also have a clear business purpose: steering people toward brand-name drugs when cheaper options are often available. Researchers say those higher costs ultimately drive up expenses for insurers, employers and the health system at large.

A look at the pros and cons of copay discount cards:

PRO: LOWER OUT-OF-POCKET COSTS

As more employers move to cost-sharing health plans, their workers face higher expenses when filling prescriptions at the pharmacy. The average amount owed by a patient picking up a brand-name drug is \$44, according to IMS Health, a health information company. Copay coupon usually offering reimbursement up to a certain level, such as \$100.

Advocates say copay coupons are crucial for financially strapped people. Erin Singleton of the Patient Advocate Foundation says she directs patients to websites like needymeds.org and pparx.org, which compile coupon offers. To qualify, patients generally have to provide information about their insurance. But unlike some other patient assistance programs that offer free medicines or deep discounts, the coupons are not tied to income.

"Copay cards are beneficial because they're pretty seamless," Singleton said. "It is something that should be considered regardless of your income."

CON: HIGHER-PRICED DRUGS

While consumers pay less at the pharmacy, research suggests they are actually passing on higher costs to their insurance company. That's because manufacturers tend to offer the coupons on brand-name drugs that are competing against lower-priced drugs, often generics that sell for \$4 or less at retailers like Wal-Mart.

When a generic is available, pharmacists often automatically switch patients to the cheaper option. But when a patient uses a coupon, it short circuits that process. The copay is lower, but the insurer ends up paying for the higher-priced drug.

"So those costs are going to come out in higher in premiums," said Wells Wilkinson, an attorney with Community Catalyst, a health care advocate group.

A 2013 study of almost 400 coupons found that nearly two-thirds were for brand-name medications that had cheaper alternatives, according to researchers at Harvard Medical School.

PRO: PRESCRIPTIONS FILLED

An estimated 1 in 5 prescriptions in the U.S. goes unfilled, in part due to financial hardship. Some research suggests patients with copay discounts are more likely to stay on their medication than those without them.

One 2014 study of patients taking high-priced specialty drugs for multiple sclerosis and other inflammatory diseases found that nearly half of them used a copay coupon. In most cases, the discounts reduced their monthly expenses to less than \$250, a threshold where patients are more likely to stay on their medication.

CON: SHORT-TERM SOLUTION

Coupon cards can improve access to drugs, but usually for a limited time. Most cards include language that they can only be reused 12 times or that they expire after 14 months. Across all brand-name prescriptions filled in the U.S., copay coupons are only used about 8 percent of the time, according to research published last year by IMS Health. Limiting their use: many mail order pharmacy programs do not accept the cards.

Additionally, the cards cannot be used at all by [patients](#) in federal [health plans](#) like Medicare, Medicaid or Veterans Affairs, which cover tens of millions of Americans. The cards run afoul of federal anti-kickback laws that prohibit companies from giving enrollees anything of value to purchase items paid for by the government.

When drugmakers like Mylan tout their discount cards as a remedy for rising drug prices, experts say it deflates public debate about medication costs that could lead to real reforms.

"Coupons are not a public health solution, they are a minor fix for a small number of people," said Dr. Aaron Kesselheim, a professor at

Harvard Medical School.

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