

# To get around pharmacy gag rules, ask about drug costs

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In this Friday, July 8, 2016 file photo, a prescription is filled at a pharmacy in Sacramento, Calif. Most consumers assume their insurance will help them save money at the pharmacy. But sometimes using insurance can mean paying more and actually stop your pharmacist from offering a better deal. (AP Photo/Rich Pedroncelli, File)

"Do you have prescription insurance?"

It's one of the first questions consumers hear at the pharmacy counter, and many hand over their insurance cards in the hopes of getting a good price. But sometimes using insurance can actually cost more—and even prevent the [pharmacist](#) from saying so.

That's because of so-called gag rules, which bar pharmacists from telling patients when they could save by paying cash instead of using insurance. The rules—set by companies that manage prescription plans—are getting new scrutiny after President Donald Trump singled them out for criticism in his plan for lowering [drug prices](#).

"This is a total rip-off and we are ending it," Trump said of the practice.

Here are some key points and tips to avoid overpaying for prescriptions:

## COMMUNICATION CONSTRAINTS

The gag rules are included in contracts between pharmacies and pharmacy benefit managers, companies that are hired to hold down prescription costs for insurers and employers. Some contracts limit the information pharmacists can share, including when a patient's copay exceeds a drug's cash price.

"When it comes down to making sure the patient can afford their medication, the gag clause prevents us from having that conversation so they can make the best informed decision," said Randy McDonough, an Iowa pharmacist.

There are no official statistics on the restrictions, but a 2016 industry survey found that nearly 20 percent of pharmacists were limited by gag clauses more than 50 times per month.

Andy Soileau, a Louisiana pharmacist, recently testified before state

lawmakers about the issue. He cited an example of a customer who was required to pay a \$50 copay for generic birth control pills that would have cost \$18 without insurance.

Last month, Louisiana became the latest of nearly 20 states to ban the restrictions.

## CHEAPER DRUGS, HIGHER FEES

Americans wind up overpaying for prescriptions because many medicines are now available as low-cost generics.

Nearly 90 percent of prescriptions filled in the U.S. are for generics drugs, some of which cost as little as \$4. Meanwhile, the typical U.S. employee faces an \$11 copay to fill a generic prescription, according to a Kaiser Family Foundation analysis. The copay is higher for brand-name drugs, averaging \$33 for preferred brands.

Many pharmacy benefit managers require pharmacists to collect the full copay, regardless of a drug's cash price.

Stephen Schondelmeyer, who studies pharmaceutical economics at the University of Minnesota, said the pharmacy benefit managers tell pharmacists: "If we catch you telling patients you can buy this cheaper for cash we will kick your pharmacy out of our network."

How often are Americans overpaying?

A recent study in the Journal of American Medical Association estimated that for nearly 25 percent of [prescriptions](#) filled, copays were higher than what insurers actually paid for the drugs. That extra money is kept by insurers or the pharmacy benefits manager, according to the authors.

Insurers have long said that copays are used to reduce insurance premiums for all, bringing down overall health costs. And the industry group for pharmacy benefit managers says it opposes gag clauses and policies that lead to overpayments.

"We support the patient always paying the lowest cost at the [pharmacy](#) counter, whether it's the cash price or the copay," said the Pharmaceutical Care Management Association, in a statement.

## WHAT CONSUMERS SHOULD DO

Experts say there are easy steps consumers can take to make sure they aren't overpaying for drugs:

— Always ask the pharmacist for the cash price of the drug. Gag clauses prohibit pharmacists from volunteering this information, but they can generally respond if asked directly.

— Shop around. Some pharmacies offer lower cash prices than others for numerous generic drugs. And use websites or apps like GoodRx to research [cash](#) prices at nearby pharmacies.

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