

# Understanding Co-pay Adjustment Programs

As healthcare and drug costs continue to rise, payers—including **health insurers** and **pharmacy benefit managers (PBMs)**—look for ways to reduce costs for specialty medications

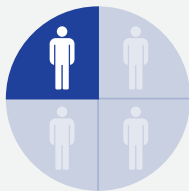
## Patient Cost-Sharing



One method for payers to cut costs is to require the patient to pay part of the expense through one or more of the following<sup>1</sup>:

- ✓ **Coinsurance:** a specified percentage of the drug price the patient must pay (such as 20%)
  - **Benefit design typically requires coinsurance for specialty medications**
- ✓ **Deductible:** dollar amount the patient must pay **before** the **health insurance plan begins to pay**
  - **High-deductible health plans (HDHPs)** have been on the rise and typically offer **lower premiums** in exchange for a **higher-than-average deductible**
- ✓ **Copayment (co-pay):** dollar amount the patient must **pay per prescription** (such as \$10 or \$20)
- ✓ **Tiered formulary:** a formulary divided into tiers based mostly on cost
  - Patient out-of-pocket cost is lower for generic and cheaper medications and **higher for specialty medications (known as the specialty tier)**

Shifting the cost of healthcare to the patient may result in prohibitive out-of-pocket costs and can potentially impact patient adherence as a result<sup>2</sup>:



**1** IN **4**

adults say either they or a family member chose to cut pills in half, skip a dose, or **not fill a prescription at all because of cost**<sup>2</sup>

As patients increasingly feel the burden of cost sharing for specialty medications, there has been a rise in co-pay assistance programs

## Co-pay Assistance Programs



Offered by pharmaceutical manufacturers and third parties, these programs aim to **offset the cost of medications to improve patient access**<sup>3</sup>

- ✓ Patients typically **must have commercial or private insurance** and meet other eligibility requirements to utilize co-pay assistance. These programs often **exclude patients who are subject to Medicare and Medicaid**<sup>3</sup>
- ✓ With these programs, there are typically **restrictions on how long the program can be used and on the monthly or annual maximum spend amount**<sup>3</sup>

In a traditional insurance benefit design, the co-pay assistance card counts toward a patient's deductible and out-of-pocket maximum<sup>4</sup>



Inspired by **patients.**  
Driven by **science.**

# Co-pay Adjustment Programs

Health insurers and PBMs have responded to the use of co-pay assistance by implementing co-pay adjustment programs such as accumulators and maximizers

## Co-pay Accumulators

A **co-pay accumulator** is a program within an insurance plan that **excludes an eligible patient's co-pay card from counting toward a patient's deductible** and out-of-pocket limits, sometimes leading to **surprise costs for the patient**<sup>5</sup>



of commercially insured patients had a co-pay accumulator on their plan in 2022<sup>6</sup>



Currently, 19 states\*; Washington, DC; and Puerto Rico have enacted legislation against co-pay accumulators and 18 more states\* have pending legislation.<sup>7</sup> This legislation applies only to the state in which the insurance plan is regulated

## Co-pay Maximizers

A **co-pay maximizer** is a program within an insurance plan where the **maximum value or an eligible patient's manufacturer** co-pay card is applied evenly throughout the benefit year, and **is not counted toward the patient's plan deductible and out-of-pocket limits**<sup>9-11</sup>



of commercial lives had a co-pay maximizer on their plan in 2022, nearly doubling in usage from 2020<sup>6</sup>

## Alternative Funding Programs

An **alternative funding program (AFP)** is a program in which a payer excludes coverage for certain specialty medications and engages a third party vendor to work with patients to help them try to obtain the **excluded specialty medications for free under patient assistance** (financial need-based) programs, such as those operated by a manufacturer or independent charitable foundation. The **eligibility requirements and terms for patient assistance programs vary**



In some cases, an AFP vendor may reach out to the patient assistance program to request they perform a benefits verification for a patient to show they are uninsured for the medication in question<sup>12,1</sup>



The patient is then required to apply for and give information to the pharmaceutical manufacturer's patient assistance program to try to achieve access to the prescribed medication<sup>12</sup>

\*States with legislation enacted as of October 2023: Arizona, Arkansas, Colorado, Connecticut, Delaware, Georgia, Illinois, Kentucky, Louisiana, Maine, New Mexico, New York, North Carolina, Oklahoma, Tennessee, Texas, Virginia, Washington, West Virginia. States pending legislation as of October 2023: California, Florida, Iowa, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, Utah, Wisconsin.

<sup>1</sup>Process may vary and is case-dependent

# Exploring Different Benefit Designs

Benefit Design Scenario (for illustrative purposes only)			
Drug price (1-month supply)	\$10,000	Patient deductible	\$5,000
Co-pay assistance annual value	\$15,000	Patient out-of-pocket max	\$6,000

NOTE: All numbers are for illustrative purposes only and do not reflect UCB's product pricing or program values.

Co-pay Assistance Program	RX 1	RX 2	RX 3	RX 4	RX 5	RX 6	RX 7	RX 8	RX 9	RX 10	RX 11	RX 12
Patient co-pay	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Manufacturer cost	\$6,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payer cost	\$4,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000

Potential patient out-of-pocket for this medication through a co-pay assistance program:	<b>\$0</b>	Amount of program assistance going toward deductible:	<b>\$5,000</b>
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When using a co-pay assistance program, the assistance provided from the co-pay card will be applied to the patient deductible and, in this scenario, put the patient into a state of full coverage

Accumulator	RX 1	RX 2	RX 3	RX 4	RX 5	RX 6	RX 7	RX 8	RX 9	RX 10	RX 11	RX 12
Patient co-pay	\$0	\$0	<b>\$6,000</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Manufacturer cost	\$6,000	\$6,000	\$3,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payer cost	\$4,000	\$4,000	\$1,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000

Potential patient out-of-pocket for this medication through a co-pay accumulator program:	<b>\$6,000</b>	Amount of program assistance going toward deductible:	<b>\$0</b>
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With a co-pay accumulator program, the patient exhausts the co-pay card benefit without moving through their deductible. This can lead to higher costs on later prescriptions

Maximizer	RX 1	RX 2	RX 3	RX 4	RX 5	RX 6	RX 7	RX 8	RX 9	RX 10	RX 11	RX 12
Patient co-pay	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Manufacturer cost	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
Payer cost	\$8,750	\$8,750	\$8,750	\$8,750	\$8,750	\$8,750	\$8,750	\$8,750	\$8,750	\$8,750	\$8,750	\$8,750

Potential patient out-of-pocket for this medication through a co-pay maximizer program:	<b>\$0</b>	Amount of program assistance going toward deductible:	<b>\$0</b>
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With a co-pay maximizer program, the maximum benefit is distributed throughout the year. It is not applied to the patient's deductible, so the deductible must be met by costs of other medications and healthcare services

# Patient Questions and Answers



## How can I help my patient determine if their plan has a co-pay accumulator, maximizer, or AFP?

- ✓ Encourage patients, **before enrolling**, to see if their plan **blocks manufacturer co-pay contributions** from applying toward the **deductible** and **maximum out-of-pocket spending**<sup>13</sup>
- ✓ Your patient **may receive a written letter** about **changes to their coverage** from the insurance company; they should **contact their plan or PBM about any changes** for a better understanding<sup>14</sup>
  - Patients can also look to their Explanation of Benefits (EOB) for answers. Encourage patients to ensure they fully understand their EOB; if they don't, they can contact their plan/PBM for more information
- ✓ Ask your patient to examine their plan documents for reference to the following types of **accumulator programs**: Coupon Adjustment: Benefit Plan Protection Program, Out-of-Pocket Protection Program, Co-pay Leveling Program, or True Accumulation<sup>14</sup>
  - **Co-pay maximizers** and **alternative funding programs (AFPs)** may also go by other names with similar naming conventions
- ✓ Encourage your patient to contact the specialty pharmacy to ask if it is willing to provide a detailed explanation of benefits. Understanding how much the OOP cost would be before the co-pay card is applied will help patients understand what portion is being paid for with the co-pay card, etc.



## What can my patients do if they are in a plan that uses a co-pay accumulator, maximizer, or AFP?

- ✓ When considering a **co-pay accumulator**, inform patients that when their **co-pay savings program reaches the maximum savings limit**, they **will have to pay for their medication**. Encourage them to budget for this and **discuss** what this cost will be **with their insurance provider**<sup>13</sup>
- ✓ Request they **ask their insurance provider** if the **accumulator** plan applies to **all** medications or only **specific** medications<sup>13</sup>
- ✓ Ask them to inquire if their medication is included in a **co-pay maximizer**. They will need to **sign up** to participate in the program; **if they do not sign up, their out-of-pocket costs may be higher**<sup>10</sup>
- ✓ Encourage them to **contact their employer to discuss their plan** and to ask if they are eligible for another plan without a **co-pay accumulator, maximizer, or AFP**

*If your patient's insurance plan includes a co-pay accumulator, maximizer, or AFP, be sure they understand their plan's rules and requirements so they can plan ahead*



## Key Considerations

- ✓ **Co-pay accumulators, maximizers, and AFPs** typically **target specialty medications**, which often have co-pay support programs<sup>5,9,12</sup>
- ✓ When a **co-pay accumulator, maximizer, or AFP** is in place, **co-pay support programs no longer apply toward the patient's deductible** or out-of-pocket limits<sup>5,10,12</sup>
  - **This causes patients to experience increased out-of-pocket costs and take longer to reach their deductible**
- ✓ **Patients may not be aware** that a **co-pay accumulator** program has been implemented in their plan, which may lead to **confusion** and add **complexity** to understanding their coverage policy
- ✓ **Co-pay maximizers and AFPs** are typically offered by a third-party vendor that partners with the plan's PBM<sup>15</sup>
- ✓ AFP third-party vendors are **contracted/hired** by both **employer plans** and **commercial health plans**<sup>15</sup>

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