

May 15, 2020

RE: Ohio Prescription Drug Transparency & Affordability Advisory Council (suggestion of policy solutions)

Dear Advisory Council member,

Our organizations are dedicated to improving access to quality, affordable, and equitable healthcare. We, like many others, are frustrated by how much people are paying for their prescription medications and the rising out-of-pocket costs for certain medications. Now more than ever, as patient advocates and partners interested in quality affordable healthcare, we continue to advocate for solutions that will make prescription drugs affordable to the patient. These solutions must focus on all health care stakeholders, including insurance companies, wholesalers, pharmacy benefit managers, and others .

A careful examination of drug pricing should be done through the lens of putting patient access and care first. Any legislative effort to address pricing needs to focus on making the health care system work better for patients. We want to make insurance work like insurance again. As Ohio's Prescription Drug Transparency & Affordability Advisory group begins to take up the issue of affordability, we feel as though the following may be effective legislative solutions that limit patient out-of-pocket cost exposure.

Support and Pass HB 469 to Count Co-Pay Assistance Programs (Coupons) Toward Deductible and Out-of-Pocket Maximums

To help alleviate high out of pocket prescription costs many individuals living with chronic conditions receive co-pay assistance for their specialty medications. The amount covered by these programs is intended to be counted toward the individual's deductible or out-of-pocket maximum, decreasing the amount of money one must spend before their benefits kick in for the year. This assistance is extremely helpful to those who are required to pay their entire annual deductible or out-of-pocket maximum in the beginning of their plan year.

Recently, we have seen a rise in health plans instituting co-pay accumulator programs. These programs are a health insurance benefit design that stipulate payments from manufacturer assistance and other third-party programs are not to be counted toward individuals' deductibles or out-of-pocket maximums. While they would stave off high costs of medications in the short-term, once the limit for the co-pay program has been reached, the beneficiary would then have to pay their full deductible or out-of-pocket maximum for the year before their benefits would begin to cover their medical costs.

Instead of allowing manufacturer assistance programs to alleviate the financial burden of high cost specialty medications, co-pay accumulator programs ensure that the burden is merely postponed. This is not fair to patients who rely on specialty medications in which there is no generic equivalent.

Directly Address Patient Out-of-Pocket Costs

Patients' out-of-pocket costs for prescription drugs have continued to rise creating critical access and affordability challenges for those with chronic conditions. Patients are facing rising and unpredictable cost-sharing requirements in the form of deductibles and co-insurance. Repeated studies have verified that high OOP costs are a significant barrier to treatment and often lead to skipped doses or outright abandonment of treatment. Some legislative policy ideas that would help patients include:

- Promoting predictability by ensuring patients have access to plans with fixed copays across all prescription drug tiers rather than using high co-insurance levels.

- Increasing choice in the insurance marketplace by ensuring that some plans offer benefit designs with no prescription drug deductible.
- Ensure non-discrimination by prohibiting plan designs that discriminate against individuals based on health status or claims experience and place all medicines used to treat a condition on the highest cost-sharing tier.

Eliminate Drug Rebates or Pass the Savings to Patients

On average, pharmaceutical companies rebate about 40 percent of a medicine's list price back to health insurance companies and pharmacy benefit managers. Right now, these rebates and discounts are not reaching patients at the pharmacy counter. They stay with the health insurers and pharmacy benefit managers. That's not right and it needs to change. If insurance companies and pharmacy benefit managers do not pay the full price for medicines, patients shouldn't have to either. These rebates and discounts should be shared with patients at the pharmacy counter or used to lower patient premiums. Rebates play a role in increasing drug prices and reducing or eliminating rebates could result in lower list prices and more importantly reduced out-of-pocket expenditures.

Increase Accessibility of Biosimilars

Biosimilars are biologic medicines approved by the FDA as highly similar to the original biologic medicine such that they work in the same way and have no clinically meaningful difference in safety or efficacy. Biosimilars have been approved for a wide range of conditions, including autoimmune diseases such as rheumatoid and psoriatic arthritis, and certain types of cancers.

Like generics for traditional medicines, biosimilars may offer lower-cost choices for patients who take biologic medicines. According to research by Pacific Research Institute, Ohio could save as much as \$94.05 million to over \$277 million annually in healthcare savings, if biosimilars' market share increased to 25% or up to 75% of the market, respectively. However, these savings have not been realized as formulary restrictions continue to be a barrier, even for infused drugs, and the current rebate structure remains an obstacle.

Public policies play a critical role in fostering increased access and competition in the biological products market. Improved access includes the assurance of affordable out-of-pocket costs for patients. FDA approved drugs should be accessible to patients, and the decision on which medically appropriate course of treatment, biologic or biosimilar, should rest with the patient and the physician based on each patient's unique circumstances.

We share your desire to lower health care costs for all Ohioans, however, we feel as though there are certain legislative solutions that will directly reduce prescription costs for patients. Discussions about the affordability of drugs are important, however, capping drug prices while failing to address affordability for patients could limit the availability of prescription options to patients in Ohio. Should you have any questions, please contact either Jeff Stephens at Jeff.Stephens@cancer.org or Carl Schmid at cschmid@hivhep.org.

Sincerely,

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