



February 10, 2020

Via Electronic Communication

David W. Osborne
Chair, Committee on Committees
Kentucky House of Representatives
David.Osborne@lrc.ky.gov

David Meade
Vice-Chair, Committee on Committees
Kentucky House of Representatives
David.Meade@lrc.ky.gov

Re: Letter in Support of HB114

Dear Representatives Osborne and Meade:

Aimed Alliance is a 501(c)(3) non-profit health policy organization that seeks to protect and enhance the rights of health care consumers and providers. We are writing in support of HB114, and we ask that you approve the bill, with a few changes, for a full vote before the legislature.

Historically, privately insured individuals who cannot afford their copayments or coinsurance have been able to obtain aid from copayment assistance programs –programs in which a pharmaceutical manufacturer may offer cost-sharing assistance, typically in the form of a coupon card, to an individual to ease the burden of high out-of-pocket costs. Traditionally, the coupon card contributes also toward the patient’s deductible and maximum out-of-pocket limit. These programs have been especially helpful for individuals enrolled in high deductible health plans (HDHPs) in which the patient is responsible for high out-of-pocket costs until the deductible is reached. Increasingly, HDHPs are the only option for many Americans; many employers and marketplace exchanges only offer HDHPs.¹

Health plans are increasingly implementing copay accumulator programs, which prevent the value of a drug manufacturer’s coupon from counting toward a patient’s deductible and maximum out-of-pocket limit.² Under such programs, once copayment assistance runs out, the plan enrollee is again faced with an inability to afford his or her medication. In some instances, there are no generic alternatives, and patients may be forced to ration their medications or abandon treatment altogether.³ As a result, they can experience disease progression, relapse, and other adverse events, thereby increasing health care utilization.⁴

SB45 seeks to rectify this issue by requiring payers to include any payments made by or on behalf of the insured when calculating the cost-sharing requirement and maximum out-of-pocket limit. However, insurers do not need to include such payments toward the insured’s cost sharing requirements or maximum out of pocket costs for prescription drugs if there is a generic

¹ <https://www.goodrx.com/blog/the-pros-and-cons-of-high-deductible-health-plans>

² <https://www.npr.org/sections/health-shots/2018/05/30/615156632/why-some-patients-getting-drugmakers-help-are-paying-more>

³ <https://www.healthaffairs.org/doi/10.1377/hblog20180824.55133/full/>

⁴ <https://www.healthaffairs.org/doi/10.1377/hblog20180824.55133/full/>

alternative, unless (1) the prescriber determines that the brand prescription drug is medically necessary; or (2) the insured has obtained access to the brand prescription drug through prior authorization, a step therapy protocol, or the insurer exceptions and appeals process. In other words, this bill would prohibit health insurers from adopting copay accumulator programs unless (1) there is a generic available, and (2) even if there is a generic available, when the brand drugs have not been deemed medically necessary or obtained through prior authorization, step therapy, or another exception or appeal protocol. The bill strikes the right balance by steering patients toward less costly, generic medications when those medications are available and medically appropriate. However, it also takes into account that copay accumulator programs are inappropriate in all other circumstances.

Millions of American across the country rely on cost-sharing assistance to afford their medications. Such assistance is only helpful if it can be counted toward patients' deductibles and maximum out-of-pocket limits, especially when there are no generic alternatives available or medically appropriate. Copay accumulator programs are especially problematic during the COVID-19 pandemic when unemployment rates are dramatically increasing every week, and individuals are struggling more than ever to afford their medications. In October 2020, Kentucky's unemployment rate was at 7.3 percent, almost twice as high as the previous year.⁵ Meanwhile, the Louisville Metropolitan area saw unemployment as high as 16.8 percent in April 2020, over four times as high as the previous year.⁶ Many of these individuals may now rely on marketplace exchange plans with high out-of-pocket costs. They need additional protections, such as the ones laid out in HB114. As such, we ask that you support HB114 and urge your fellow legislators to pass the bill. Thank you for considering our position on HB114.

Sincerely,

Stacey L. Worthy
Counsel

CC:

Derrick Graham
Angie Hatton
Joni L. Jenkins
Chad McCoy
Suzanne Miles
Steven Rudy

⁵ <https://www.bls.gov/eag/eag.ky.htm>.

⁶ https://www.bls.gov/eag/eag.ky_louisville_msa.htm.



February 10, 2020

Via Electronic Communication

Jared Carpenter
Chair, Banking & Insurance Committee
Kentucky Senate
Jared.Carpenter@lrc.ky.gov

Rick Girdler
Vice-Chair, Banking & Insurance Committee
Kentucky Senate
Rick.Girdler@lrc.ky.gov

Re: Letter in Support of SB45

Dear Senators Carpenter and Girdler:

Aimed Alliance is a 501(c)(3) non-profit health policy organization that seeks to protect and enhance the rights of health care consumers and providers. We are writing in support of SB45, and we ask that you approve the bill, with a few changes, for a full vote before the legislature.

Historically, privately insured individuals who cannot afford their copayments or coinsurance have been able to obtain aid from copayment assistance programs –programs in which a pharmaceutical manufacturer may offer cost-sharing assistance, typically in the form of a coupon card, to an individual to ease the burden of high out-of-pocket costs. Traditionally, the coupon card contributes also toward the patient’s deductible and maximum out-of-pocket limit. These programs have been especially helpful for individuals enrolled in high deductible health plans (HDHPs) in which the patient is responsible for high out-of-pocket costs until the deductible is reached. Increasingly, HDHPs are the only option for many Americans; many employers and marketplace exchanges only offer HDHPs.¹

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SB45 seeks to rectify this issue by requiring payers to include any payments made by or on behalf of the insured when calculating the cost-sharing requirement and maximum out-of-pocket limit. However, insurers do not need to include such payments toward the insured’s cost sharing requirements or maximum out of pocket costs for prescription drugs if there is a generic alternative, unless (1) the prescriber determines that the brand prescription drug is medically

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Sincerely,

Stacey L. Worthy
Counsel

CC:

Julie Raque Adams
Ralph Alvarado
Tom Buford
Jason Howell
Morgan McGarvey
Dennis Parrett
John Schickel
Brandon Smith
Brandon J. Storm

⁵ <https://www.bls.gov/eag/eag.ky.htm>.

⁶ https://www.bls.gov/eag/eag.ky_louisville_msa.htm.