



February 15, 2020

Via Electronic Communication

Casey Crabtree
Chair, Commerce and Energy Committee
South Dakota Senate
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Lee Schoenbeck
Vice-Chair, Commerce and Energy Committee
South Dakota Senate
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Re: Letter in Support of SB154

Dear Senators Crabtree and Schoenbeck:

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 SB154, and we ask that you approve the bill 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

SB154 seeks to rectify this issue by requiring payers to include any payments made by the insured or a person on behalf of the insured when calculating the cost-sharing requirement and maximum out-of-pocket limit. Effectually, this bill would prevent health insurers from adopting copay accumulator programs, ensuring that South Dakota patients would not be unreasonably penalized for relying on financial assistance from third parties. To clarify, this bill is not a mandate

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/>

that requires plans to provide coverage of certain medications. It just asks that plans calculate cost-sharing amounts and maximum out-of-pocket limits by taking into account copay assistance.

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-out-pockets limits. Copay accumulator programs are especially problematic during the COVID-19, pandemic when unemployment rates fluctuate wildly depending on trends in cases and individuals are struggling more than ever to afford their medications. For example, in April 2020, South Dakota's unemployment rate was 10.9 percent, over three times as high as the previous year.⁵ In Rapid City, the unemployment rate reached 13.8 percent, 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 SB154. As such, we ask that you support SB154 and urge your fellow legislators to pass the bill. Thank you for considering our position on SB154.

Sincerely,

Stacey L. Worthy
Counsel

CC:

Red Dawn Foster
Al Novstrup
Jim Stalzer
Wayne Steinhauer
Erin Tobin
David Wheeler
Larry Zikmund

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

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