



February 26, 2020

**Via Electronic Communication**

Bo Watson  
Chair, Joint Committee on Pensions & Insurance  
Tennessee General Assembly  
sen.bo.watson@capitol.tn.gov

Re: Letter in Support of SB1397 and HB0619

Dear Senator Watson and Members of the Joint Committee on Pensions & Insurance:

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 SB1397 and HB0619, and we ask that you approve the bills 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 has contributed toward the patient’s deductible and maximum out-of-pocket limit as well. 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.<sup>1</sup>

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.<sup>2</sup> 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.<sup>3</sup> As a result, they can experience disease progression, relapse, and other adverse events, thereby increasing health care utilization.<sup>4</sup>

SB1397 and HB0619 seek 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 prohibit health insurers from adopting copay accumulator programs, ensuring that Tennessee patients would not be unreasonably penalized for relying on financial assistance from third parties.

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

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

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

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

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. 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 December 2020, Tennessee's unemployment rate was at 6.4 percent, almost twice as high as the previous year.<sup>5</sup> In Memphis and surrounding Shelby County, the unemployment rate was 8.4 percent, which is over two times as high as the previous year.<sup>6</sup> 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 SB1397 and HB0619. As such, we ask that you support SB1397 and HB0619 and urge your fellow legislators to pass the bills. Thank you for considering our position on SB1397 and HB0619.

Sincerely,

Stacey L. Worthy  
Counsel

CC:

Paul Bailey  
Todd Gardenhire  
Brenda Gilmore  
Joey Hensley  
Jack Johnson  
John Stevens  
Charlie Baum  
Karen D. Camper  
David Hawk  
Patsy Hazlewood  
Gary Hicks  
Sam Whitson  
Ryan Williams

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

<sup>6</sup> <https://www.tn.gov/workforce/tennessee-economic-data-/labor-force-statistics/unemployment-rates.html>