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MEMORANDUM

ICYMI—In Case You Missed It

Date: May 23, 2022
To: New York State Senate and Assembly
From: New York Health Plan Association
Re: ICYMI – Times Union Commentary on Drug Coupons

The *Times Union* last Friday published the following commentary from New York Health Plan Association President & CEO Eric Linzer on pending legislation to restrict health plans' use of co-pay accumulator programs. As explained, prescription coupon programs promoted by pharmaceutical companies actually end up meaning higher drug prices that end up costing consumers more in the long run.



Commentary: Coupons for prescription meds are a bad deal for consumers

BY Eric Linzer / May 20, 2022

Prescription medications offer tremendous clinical benefits for patients. Unfortunately, drug prices are out of control and are a major challenge for New Yorkers when they go to the pharmacy counter and are a significant driver of rising health care costs. And a bill under consideration by state legislators related to coupons drug manufacturers offer will only make health insurance more expensive and exacerbate these challenges for consumers and employers.

Breakthrough medications and drugs that help patients better manage serious chronic illnesses offer tremendous clinical benefits, but they should not become a blank check for Big Pharma. Every patient should be able to afford necessary medications, and no one should need a coupon to access the drugs they need.

While drug manufacturers make co-pay coupons or other discounts available to help patients afford their prescription medications, the reality is that these mechanisms are intended to drive patients towards more expensive drugs and away from lower-cost, equally effective alternatives. This tactic keeps health care costs high for patients and taxpayers.

Making matters worse, drug manufacturers and others are pushing for legislation in New York (S.5299/A.1741) that would restrict health plans' co-pay accumulator programs by prohibiting them from recognizing the cost of drug coupons when calculating an insured individual's cost-sharing requirement.

Patients may think they're getting a really good deal, but it's actually costing them more money.

While the availability of coupons has increased in recent years, they're not available to all patients. They are generally offered only for brand-named drugs with a generic equivalent and rarely for new or breakthrough medications. A 2017 analysis by the National Bureau of Economic Research found that coupons increase the sales of brand-name drugs by 60 percent or more by reducing generic sales. Further, the analysis estimated that these programs increase drug spending by \$30 million to \$120 million per drug.

In essence, drug makers use coupons as a scheme to provide a discount offsetting a patient's costs for a few months while keeping their prices artificially high and passing the higher cost along to everyone else for most of the year, causing premiums to go up for consumers, employers and taxpayers. Recognizing the fallacy of these programs,

policymakers in other states, including Massachusetts and California, have placed restrictions around the use of co-pay coupons to protect consumers rather than adopting policies that encourage their use.

If the goal is to make prescription medications more affordable and accessible to consumers, there are better ways. Drug makers could provide co-pay coupons for every patient for all medications or price their drugs more reasonably. Rather than prohibiting co-pay accumulators, the focus should be on measures to address the real reason for rising prescription drug costs: the high prices Big Pharma charges.

Eric Linzer is president and CEO of the New York Health Plan Association, which represents 29 managed-care plans in the state.