

Study: Coupons driving up the cost of health care

By Sean Whaley, Nevada News Bureau

CARSON CITY – The proliferation of brand name drug “co-pay coupon” promotions lure insured consumers from generics to more expensive brands and will increase health care costs by \$253 million in Nevada over the next decade, a new national study says.

The use of these promotions by state and local government workers alone will cost Nevada taxpayers an extra \$31 million over ten years, the study says.

The practice of offering the co-pay coupons will mean increased costs for employers, unions and state employee plans, according to new research from Visante and released by the Pharmaceutical Care Management Association (PCMA). The association represents the nation’s pharmacy benefit managers who work for the health care plans operated by governments, unions and private employers.

“Brand co-pay coupons lure patients from generics to expensive brands and stick employers, unions, and government employee health programs with the extra costs,” said PCMA President and CEO Mark Merritt. “In Nevada, taxpayers will pay an extra \$31 million just to cover the use of brand co-pay coupons by government workers in state and municipal employee health programs.”

The report says the co-pay promotions are aimed only at those who already have prescription drug coverage. The coupons are banned in both the Medicare and Medicaid programs, but are allowed in the commercial market except in Massachusetts because of its comprehensive health care law.

Pharmaceutical Research and Manufacturers of America (PhRMA) Vice President Karl Uhlendorf issued a statement in response to the study: "For years, America's biopharmaceutical research companies have helped patients suffering from disease access programs that can help them get the medicines they need. Co-pay assistance programs are an example of this kind of help.

"Coupons and vouchers provide an important benefit to patients by defraying the cost of out-of-pocket payments, breaking down barriers to access and encouraging better medication adherence," he said.

PhRMA represents the country's leading pharmaceutical research and biotechnology companies. PhRMA members invested an estimated \$49.4 billion in 2010 in discovering and developing new medicines. Industry-wide research and investment reached a record \$67.4 billion in 2010.

In a telephone interview, Merritt said the purpose of the study is to educate consumers about the true costs of the promotions to themselves and their health care plans, many of which are paid in part by taxpayers.

"I think the first step is education to show payers, whether they be taxpayers or businesses or unions, how much money is being wasted by these co-pay coupons," he said. "And I think that people have not realized that by getting people to switch from generics to brands, and from less expensive brands to more expensive brands, it costs billions of dollars a year and hundreds of millions to each state around the country."

Merritt said the practice is increasing because their brand drugs are coming off patent, opening them up to competition from generic drugs.

The coupons may be seen as a value by consumers, but the co-pay does not reflect the real cost of the brand drug, he said.

"Health insurance, two-thirds of it is paid by the companies,

by the unions, in the case of public workers, by the taxpayers; and so people need to understand there is a cost to this," Merritt said. "And I think most people don't know that. They see the coupon and they think, 'hey great, I'm saving money and no one gets hurt.' But the reality is ultimately this will lead to higher premiums for consumers."