



Consumers for Affordable Health Care

Advocating the right to quality, affordable
health care for all Mainers.

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Testimony in support of LD 1783,
An Act To Require Health Insurance Carriers and Pharmacy Benefits Managers To Appropriately Account
for Cost-sharing Amounts Paid on Behalf of Insureds
January 11, 2022

Hello Senator Sanborn, Representative Tepler, and other distinguished members on the Joint Standing Committee on Health Coverage, Insurance and Financial Services.

I am Ann Woloson, executive director at Consumers for Affordable Health Care. Consumers for Affordable Health Care is a Maine-based nonpartisan, nonprofit with the mission to improve access to affordable, quality health care for all people living in Maine. Despite concerns we have about the impact coupons have on rising health care costs, I am here today to testify in support of LD 1783, An Act To Require Health Insurance Carriers and Pharmacy Benefits Managers To Appropriately Account for Cost-sharing Amounts Paid on Behalf of Insureds.

This bill requires health insurance carriers and their pharmacy benefits managers to include cost-sharing amounts *paid on behalf* of an insured when calculating the insured's contribution to any out-of-pocket maximum, deductible or copayment in three circumstances: when a drug does not have an alternative equivalent or was obtained through prior authorization or a step therapy override exception or appeal process. Again, while we have concerns about the role coupons play in increasing overall health care costs, we believe this bill takes a reasonable approach to providing some relief to Maine consumers who have high out of pocket healthcare costs, especially those with chronic conditions and individuals and families with low-income, who do not have sufficient assets to meet large deductibles.¹

Individuals in families with chronic conditions in high deductible plans have higher levels of financial burden than those in traditional plans. Health Affairs discussed studies regarding the impact of out-of-pocket spending on these families, indicating that almost half reported problems paying medical bills or other bills due to health care costs. Having just one chronic condition has a huge impact on out-of-pocket spending, two conditions even more so. Enrollees in high deductible health plans are also more likely to stop taking their medication for a chronic illness.² The American Cancer Society recently released Cancer Survivor Survey results that explored the affordability of health care and prescription drugs for cancer patients and survivors. Over one-third (34%) of lower income earners have delayed or not filled a prescription to reduce their (out-of-pocket) costs. This group also reported to be more likely to cut pills in half or to have skipped doses to reduce costs. The ability to reduce overall out of pocket costs, especially for people with chronic disease or limited income, can help to reduce medical debt and enable individuals to afford other care they likely need.³

¹ <https://www.healthaffairs.org/doi/10.1377/forefront.20150929.050860/full/>

² Ibid

³ <https://www.fightcancer.org/policy-resources/survivor-views-affordability-prescription-drugs-pain>

While prescription drug coupons may alleviate high out-of-pocket costs for some individuals, research has shown they can also increase overall health care costs by steering people away from inexpensive generic alternatives.⁴ One study compared coupon use in New Hampshire to coupon use in Massachusetts, which banned coupon cards for drugs with a generic equivalent but allows them for drugs with no generic competitor. The study found that the coupon restrictions in Massachusetts led to higher use of generics, which the researchers believed saved a substantial amount of money.⁵

While we have real concerns about how the use of prescription drug coupons, in general, contribute to higher overall health care costs, this bill includes safeguards that allow for coupons to provide relief to individuals struggling to afford medications that they truly need, while also preventing coupons from artificially inflating demand for expensive prescription drugs. Coupons can contribute to higher healthcare costs when they incentivize an individual, who would otherwise get a low-cost generic or cheaper alternative drug, to instead purchase a more expensive brand-name drug. However, if someone needs an expensive brand-name drug, then making it more affordable does not artificially increase demand for that drug or unnecessarily drive-up health care costs. We should not strive to lower costs by limiting access to lifesaving treatments and other medically necessary care. We know improving access to medically necessary health care treatments and prescription drugs can lead to improved health outcomes and can result in long-term savings by preventing or reducing the need for more expensive medical care later on.

Recent polling conducted by Altarum's Healthcare Value Hub⁶ found that more than half (55%) of adults in Maine delayed or forwent healthcare due to costs. It also found that when people did access the care they needed, 42% experienced struggles paying for medical bills, such as being unable to pay for basic necessities like food, heat or housing, or racking up large amounts of credit card debt. Many people truly need to access expensive brand-name drugs to treat serious and chronic health conditions, often because there is no generic or other viable alternative available that would be as effective or work as well for that individual. This bill only allows coupons to count towards an individual's out-of-pocket limits under their health plan when a drug is the only or best course of treatment available. Helping to shoulder some of the out-of-pocket costs in these situations, when expensive drugs are truly medically necessary, can reduce affordability barriers to accessing medical treatment and help to alleviate medical debt and other financial burdens resulting from accessing care. For these reasons, we urge your support of LD 1783.

Thank you for the opportunity to testify before you today.

⁴ <https://insight.kellogg.northwestern.edu/article/prescription-drug-copay-coupons-hurt-generic-competition>

⁵ Ibid

⁶ <https://www.healthcarevaluehub.org/advocate-resources/consumer-healthcare-experience-state-survey/maine-consumer-healthcare-experience-state-survey>