

# COST PAY ACCUMULATOR PROGRAMS

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## WHAT IS A COST ACCUMULATOR PROGRAM?

A policy within private health insurance plans (does not include Medicare) that prohibits enrollees from using co-pay assistance provided by a pharmaceutical manufacturer to meet their annual deductible.



# EXAMPLE OF COST LIMITER PROGRAM



A patient, who is experiencing an auto-immune disorder and requires a biologic drug (no generic or bio-similar is available) and the patient receives a coupon from the pharmaceutical manufacturer to help defray the monthly cost (the average cost of a biologic is \$10k - \$30k a year).

Under a “limiter” program this coupon or financial assistance would not be applied to the patient’s deductible/out of pocket maximum.

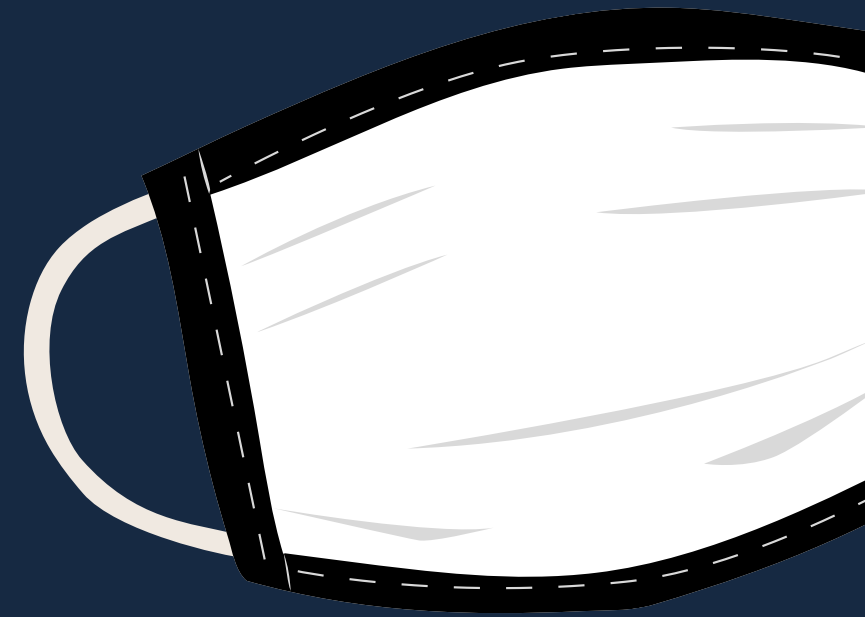
# Cost Example

A patient is enrolled in an insurance plan with an annual \$2,000 deductible. The patient also has a \$500 copay coupon.

No Copay Adjustment Policy: The \$500 coupon will count toward the patient's annual deductible:  $\$2,000 - \$500 = \$1,500$ . The patient is responsible only for the remaining \$1,500 before reaching the deductible.

With Copay Adjustment Policy: The \$500 coupon will not count toward the patient's deductible:  $\$2,000 - \$0 = \$2,000$ . The patient has to pay the full \$2,000 before satisfying the annual deductible

\*Source: NCSL



# How did we get here?

In 2020, the Department of Health and Human Services, under a previous administration, enacted a rule regarding cost accumulator programs that essentially let the regulators decide how to regulate themselves.

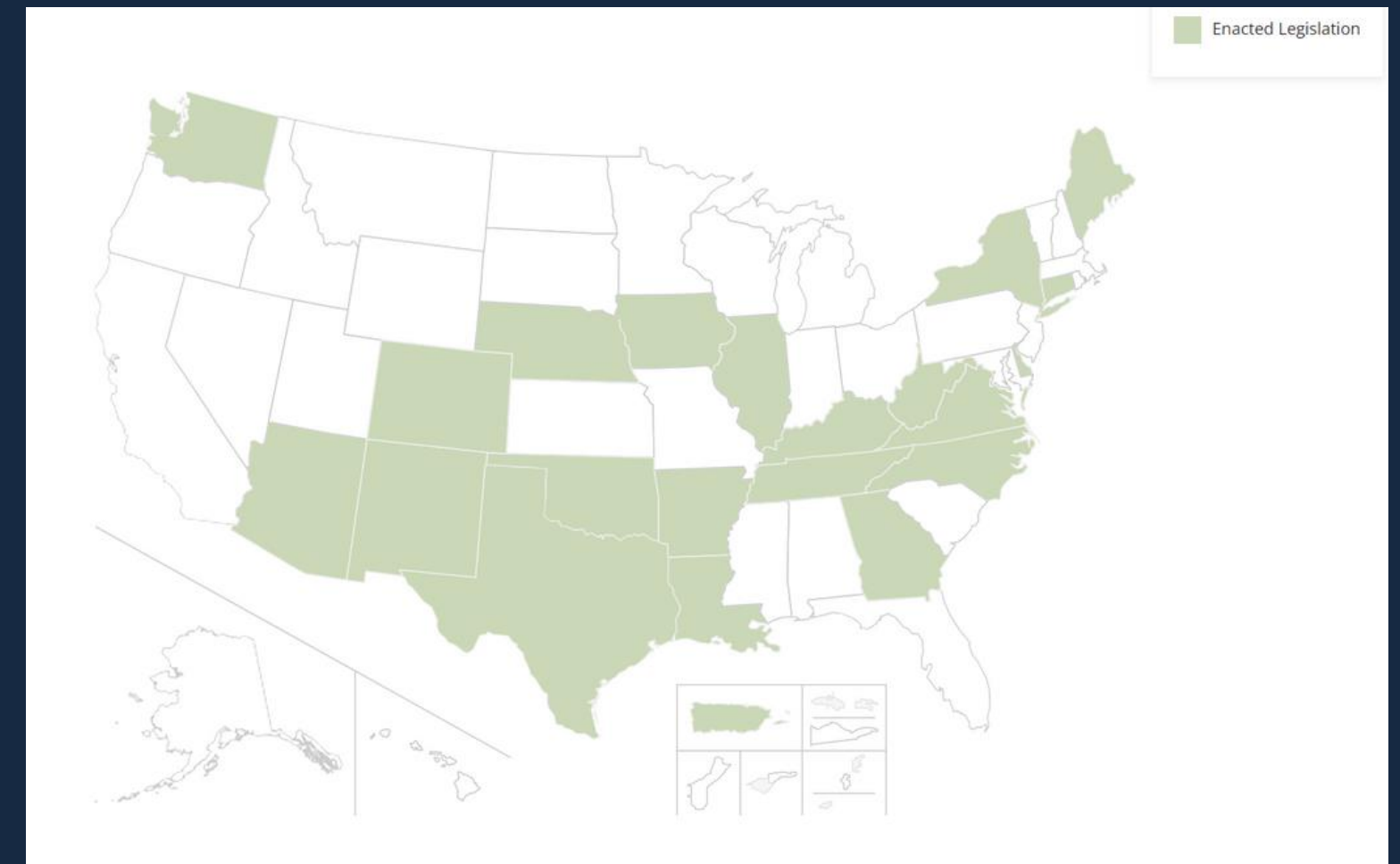
In September 2023, a District Court ruled the statute was invalid because the language was ambiguous. In December 2023, the Court issued a clarifying opinion that the 2020 HHS RULE 156.130 was in effect, which does not permit co-pay limiters



# Legislative Concept Proposal:

Private Insurance Plans are required to count coupons for drugs that do not have a generic or a biosimilar towards the plan's out-of-pocket maximum.

This has been passed in 21 other states.



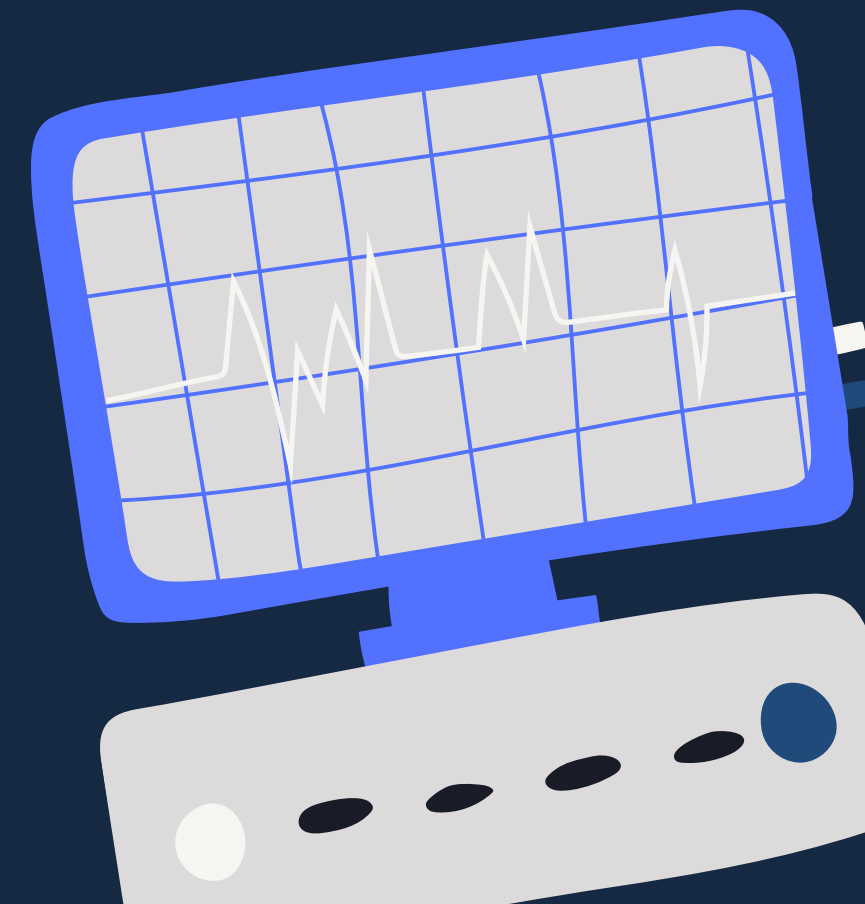
# Opponent Perspective

Stakeholders contend that manufacturer assistance can be used by drug manufacturers to artificially inflate demand for their drugs, thus distorting the market and increasing overall healthcare costs and the higher costs are passed on in the form of premiums.



# Supporter Perspective

Supporters of manufacturer assistance argue that these programs help patients - particularly those suffering from rare or costly conditions - afford drugs, which improves health outcomes by promoting adherence to existing medication regimens.





Questions?