



February 7, 2019

Chairman Matt Lesser
Chairman Sean Scanlon
Insurance and Real Estate Committee
Legislative Office Building, Room 2800
Hartford, CT 06106

Re: AHIP's Comments on **SB 30**

Chairman Lesser, Chairman Scanlon and Members of the Insurance and Real Estate Committee -

America's Health Insurance Plans (AHIP) appreciates this opportunity to testify in opposition to SB 30, which prohibits copayment accumulator programs. AHIP believes that the bill would negatively impact the cost of and access to high quality health care services for Connecticut residents. For these reasons, discussed further below, AHIP respectfully urges this Committee not to release this legislation.

By way of background, AHIP is the national association whose members provide insurance coverage for health care and related services. Through these offerings, AHIP improves and protects the health and financial security of consumers, families, businesses, communities and the nation. AHIP is committed to market-based solutions and public-private partnerships that improve affordability, value, access and well-being for consumers.

Copayment Accumulator Programs Are Guardrails Against Copay Coupons that Artificially Keep Drug Prices High

The rising cost of prescription drugs has been an ongoing concern for all payers, including large and small employers, labor unions, public employee health programs and individuals and families who purchase coverage on their own.

Drug makers offer copay coupons for brand name drugs under the guise of helping patients afford their medications. Instead, they mask the true cost of brand-name medications from the patient while shifting the financial burden to everyone in the system. They encourage many, including those on high-deductible, low premium plans to opt for more expensive, name-brand drugs, which undermines various benefit designs that are aimed at keeping health care costs low for all consumers.

Furthermore, coupons are not freely available – drug makers only offer coupons specific patients with certain plans for a narrow choice of drugs, and only until those patients' deductibles are met. When patients reach their out-of-pocket maximums, insurers pay all future costs. As a result, health insurers have recently established copay coupon accumulator programs to increase transparency of third-party payments.

It is critical to have guardrails in place against this kickback system to help ensure that health care is affordable for all consumers in Connecticut. The federal government considers copay coupons to be an illegal kickback if used by an enrollee in Medicare or Medicaid since copay coupons induce a patient to use a specific drug, with the rest of the cost picked up by taxpayers. Preserving copay accumulator programs would allow consumers to see the true price and price increases of their medications. Drug makers raise prices on existing medications – sometimes multiple times a year and sometimes by double or triple digits – without patients ever knowing the cost has gone up. It would also help promote generic drug competition which could exert downward pressures on drug spending, helping to stabilize health care costs for all consumers.

Copay Coupons Do Not Solve the Problem of High Drug Prices

Prohibiting cost accumulator programs and allowing drug makers to distribute copay coupons without oversight would create no incentive for moderation of drug prices.

Rather than protecting consumers drug from high drug prices, copay coupons are yet another way for drug companies to insulate themselves from public scrutiny. Instead of lowering costs for all consumers by reducing the actual price of the drug, they target specific populations with advertising and vouchers.

When it comes to unaffordable medications, the problem starts with the price of the. Copay coupons only fuel egregious out-of-control drug pricing and hide the true price from patients.

For these reasons, AHIP opposes SB 30.

AHIP and its members appreciate the opportunity to provide comments on this bill and look forward to continued discussions with you on this important issue.