

Copay Accumulators

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Issue

Provide information on copay accumulator programs, including (1) a list of states that prohibit them; (2) the number of health insurers in Connecticut using them, and any complaints about them made to the Insurance Department; and (3) any state requirements that health insurers notify policyholders and enrollees about their use. **This report has been updated by OLR Report [2022-R-0037](#).**

Summary

Insurers and pharmacy benefit managers (PBMs) are increasingly using copay accumulator programs to calculate insureds' cost-sharing responsibilities (e.g., deductible, copay, coinsurance, out-of-pocket maximum). Before using these programs, when a patient used a manufacturer coupon or copay assistance card, the insurer or PBM counted the coupon or assistance amount toward the patient's cost-sharing responsibility. However, under most copay accumulator programs, drug manufacturer coupons and copay assistance generally do not apply toward an insured patient's cost-sharing responsibility. This increases the amount a patient must pay before satisfying his or her cost-sharing responsibility, thus eliminating any benefits to the patient from the assistance.

We found four states with laws generally banning an insurer's or PBM's use of copay accumulator programs: Arizona, Illinois, Virginia, and West Virginia. Under the Illinois, Virginia, and West Virginia laws, health plans must count third-party assistance toward an individual's cost-sharing responsibility. Arizona's law requires third-party financial assistance to count toward an individual's cost-sharing responsibility for a brand name medication that (1) does not have a generic equivalent

or (2) a patient obtained through step therapy (i.e., fail first protocol), prior authorization, or the health plan’s appeals process.

According to the Connecticut Insurance Department, two health carriers in Connecticut currently use a copay accumulator program. A third carrier plans to implement one beginning January 1, 2021. To date, the department has received three consumer complaints related to copay accumulator programs.

Lastly, the department is not aware of any state requirement for carriers to inform policyholders and enrollees that they use a copay accumulator program.

State Copay Accumulator Bans

As summarized in Table 1, four states have laws generally prohibiting health plans from using copay accumulator programs: Arizona, Illinois, Virginia, and West Virginia. Each law was enacted in 2019.

Table 1: State Copay Accumulator Bans

<i>State and Citation</i>	<i>Effective Date</i>	<i>Summary</i>
Arizona HB 2166 (2019) , to be codified as AZ Rev. Stat. § 20-1126	December 31, 2019	When calculating an enrollee’s cost-sharing contribution, an insurer or PBM must include any amount paid by the enrollee or on his or her behalf for a prescription drug that (1) does not have a generic equivalent or (2) has a generic equivalent but was obtained through prior authorization, a step therapy protocol, or the insurer’s exceptions and appeals process.
Illinois PA 101-452 , § 20, codified as 215 Ill. Comp. Stat. 134/30	January 1, 2020	A health care plan must apply any third-party payments, financial assistance, discount, product vouchers, or other reduction in out-of-pocket expenses made by or on behalf of an insured for prescription drugs toward the insured’s cost-sharing responsibility or out-of-pocket maximum.
Virginia H 2515 (2019) , codified as VA Code Ann. § 38.2-3407.20	January 1, 2020	When calculating an enrollee’s overall contribution to any out-of-pocket maximum or cost-sharing requirement under a health plan, a carrier must include any amounts paid by the enrollee or on his or her behalf.
West Virginia HB 2770 (2019) , codified as W. Va. Code Ann. § 33-15-4t	January 1, 2020	When calculating an insured’s cost-sharing contribution, an insurer or PBM must include any amounts paid by the insured or on his or her behalf.

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