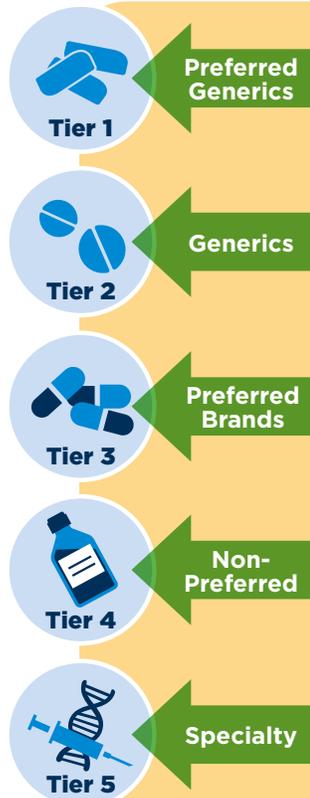


# COPAY CAPS DON'T SOLVE THE PROBLEM OF HIGH DRUG PRICES

Drug Costs Continue to Inflate, but Copay Caps Are Not the Answer

Brand manufacturers are deflecting blame for skyrocketing drug costs by falsely claiming that high costs are a “coverage” problem that requires copay caps and other restrictions on plan design.

By capping patient out-of-pocket expenses, doctors and patients will inevitably choose *more expensive* brand drugs over equally effective lower-cost generics. This will feed the cycle of price increases.



## Smart benefit design stretches the health care dollar<sup>1</sup>

Through the use of drug tiers, health plans generally require higher out-of-pocket costs for more expensive drugs.

Copay caps disrupt the sound decision-making process plans use to provide patients with access to lower-cost — but equally effective — alternatives, including generics.

## Copay caps profit brand manufacturers

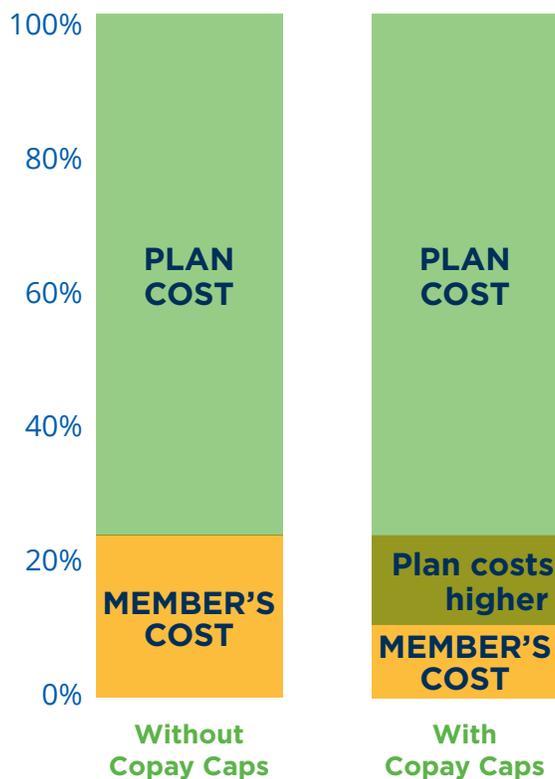
Copay caps are government-set price controls that benefit brand drug manufacturers at the expense of patients and employers.

These mandates prevent payers from effectively managing drug costs, and force the public to pay more in health premiums and overall health care costs.

<sup>1</sup> Not all health plans are designed the same way.

## Shifting costs = higher premiums

Share of Specialty Rx Cost



Significant changes in benefit design can affect the overall cost of a health plan, which in turn affects consumers' premiums.

Capping cost-sharing shifts cost from patients to health plans. This requires plans to increase premiums to compensate for higher costs. **Eventually, all members bear these higher costs through higher premium rates.**

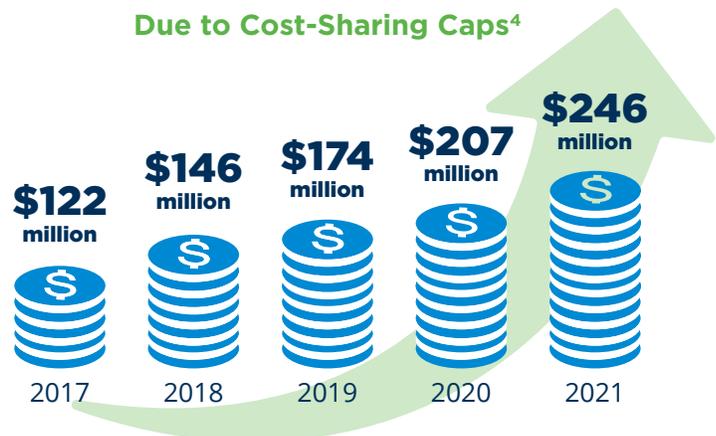


## State-mandated copay caps escalate health care costs

**Example:** The Kentucky Department of Insurance found that copay caps would add approximately **\$13.4 million** to private market insurance premiums annually. For an average family with health coverage these price controls would mean nearly **\$150 a year** in increased premiums.<sup>2</sup>

**Example:** In the state of Washington, an independent analysis found that a \$250 copay cap per 30-day script would shift costs to health plans and consumers by **\$900 million** over five years.<sup>3</sup>

Annual Increase in Health Plan Costs Due to Cost-Sharing Caps<sup>4</sup>



<sup>2</sup> Kentucky Department of Insurance. (2015). Available at: <http://www.lrc.ky.gov/record/15RS/SB31/HM.pdf>

<sup>3</sup> Oliver Wyman analysis for PCMA. (2016).

<sup>4</sup> Ibid.