

DRUG MANUFACTURER COUPONS RAISE COSTS IN MEDICARE PART D, HURTING VULNERABLE BENEFICIARIES

The Office of the Inspector General (OIG) of the Department of Health and Human Services (HHS) currently bans manufacturer coupons in federal health care programs (including Medicare Part D), considering them an illegal kickback under the federal Anti-Kickback Statute. Suggestions by drug manufacturers that this ban should be relaxed during the COVID-19 pandemic, and potentially indefinitely, would hurt the Part D program and its vulnerable beneficiaries, while creating a windfall for brand drug manufacturers. Manufacturer coupons reduce the use of generics and more affordable brand drugs causing overall prescription drug costs to increase substantially, leading to higher spending by the federal government and higher premiums for beneficiaries.

FINDINGS

- **If the ban on manufacturer coupons were not enforced, costs to the Part D program would increase by \$2 billion in 2020.¹**
- **If the ban on manufacturer coupons were not enforced, costs to the Part D program would increase by \$48 billion over the 2021-30 period.**

METHODOLOGY

Visante modeled for the Pharmaceutical Care Management Association (PCMA) the cost of copay coupons using a variety of data sources, including data published by industry sources and equity research analysts, commercial third-party data, PBM industry trend reports, and national drug expenditures projected by the Centers for Medicare and Medicaid Services (CMS). To model the potential costs if copay coupons were allowed in Medicare Part D, we assume that brand prescriptions in Medicare Part D would have the same percentage of coupon use as in commercial insurance. Based on this, we estimate that in the absence of a ban, 200 million prescription coupons would be used in Medicare in 2020, growing by 10% per year to 500 million in 2030.

1. The original 2011 study methodology did not include coupons on specialty drugs. Spending on specialty drugs is now approaching 50% of total drug spending, so it is included in the estimates presented here contributing approximately 50% of the cost increase.

2. For more information about the methodology please see [“How Copay Coupons Could Raise Prescription Drug Costs By \\$32 Billion Over the Next Decade.”](#)