Cost-sharing Caps Don't Solve the Problem of High Drug Prices

Caps on cost sharing do nothing to hold drug manufacturers accountable for ever-higher drug prices but raise costs for patients and taxpayers. Rather than ending their own anticompetitive practices, brand manufacturers are deflecting blame for skyrocketing drug prices by falsely claiming that the high prices they themselves set are a "coverage" problem that requires cost-sharing caps and other restrictions on plan design.

Cost-sharing caps are a windfall for brand manufacturers in that they discourage the availability of affordable alternatives for patients. Cost-sharing caps profit manufacturers at the expense of patients. Such caps give manufacturers a pass to continue raising their prices unencumbered.

State-mandated cost-sharing caps shift costs and ultimately lead to higher premiums, without addressing the root cause of high prices: the lack of competition.

- These mandates prevent payers from effectively managing high drug prices, including by encouraging the use of equally effective and lower-cost alternatives, and force the public to pay more in health premiums and overall health care costs.
- Capping cost sharing shifts cost from individual patients to employers and other health plan sponsors. As plans increase premiums to reflect higher costs, all health plan enrollees pay more. For example:
    - The Kentucky Department of Insurance found that caps on cost sharing would add approximately $13.4 million to insurance premiums annually. For an average family with health coverage, caps on cost sharing would mean nearly $150 a year in *higher* costs through increased premiums.[i]
    - In Washington, an independent analysis found a $250 cost sharing cap per 30-day prescription would shift $900 million in costs to employers, health plans, and consumers over five years.[ii]

PBM tools help protect employers and consumers from ever-higher prices. The list prices of many prescription drugs have gone up drastically over the past decade. Where pharmacy benefit manager (PBM) tools, including negotiated rebates and value-based formularies, are available, they are working to keep costs stable and protect employers and patients from ever-higher prices. Where PBM tools are unavailable, including for the uninsured, drug costs keep rising and hurt patients' access to care.

Smart benefit design stretches the health care dollar and promotes affordability.[iii] Cost-sharing caps disrupt the sound benefit designs plans use to provide patients with access to lower-cost but equally effective alternatives, including generics. Such limits have real costs: an analysis has found prohibiting such tools would increase drug spending by 4.6% over a decade.[iv]

Health plans and PBMs are innovating to increase affordable access to pharmacy care. Real solutions should build on these efforts and hold manufacturers accountable.

- In the face of consistent drug price hikes, PBMs and health plan sponsors are innovating to better meet the needs of patients. PBMs and plans are offering low-cost-share options that work hand-in-glove with sound plan design. Those efforts – not government intervention – are part of the solution.
- **The private sector is working to help reduce out-of-pocket costs for patients, but manufacturers – not employers and taxpayers – must be held accountable for list prices.**

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[i] Kentucky Department of Insurance. 2015. https://apps.legislature.ky.gov/record/15RS/SB31/HM.pdf
[ii] Oliver Wyman. 2016.
[iii] Not all health plans are designed the same way.
[iv] Visante. Increased Costs Associated with Proposed State Legislation Impacting PBM Tools. January 2019. https://www.pcmanet.org/increased-costs-associated-with-proposed-state-legislation-impacting-pbm-tools-2/