Ohio Life Sciences

Chairman Lipps, Vice Chair Stewart, Ranking Member Liston, and Members of the House Public Health Policy Committee. My name is Willa Bluestone and I serve as the Director of Policy and Workforce at Ohio Life Sciences. As the statewide organization representing over 4,200 life sciences organizations, Ohio Life Sciences thanks you for this opportunity to provide written proponent testimony for House Bill 177.

The life sciences industry in Ohio has emerged as one of the U.S.'s core hubs for research, development, discovery, and manufacturing of new cures and treatments for patients suffering from some of the most life-threatening diseases and chronic conditions. Patients are at the very heart of the life sciences industry. This industry as a whole exists to help people live longer, happier, and healthier lives. We rely on innovation and forward thinking to ensure that breakthroughs in the labs are deliverable to patients. As an industry, we are disheartened to see so many payers still utilizing co-pay accumulators, an arcane practice, designed to increase payer profits at the cost of the patient.

Seeing as this issue is incredibly nuanced and quite complex, I see it as being helpful to lay a foundation for Members of the Committee to understand exactly what is happening, who is benefiting, and where the patients stand after this process has concluded. Chart 1 demonstrates the ideal situation in which a co-pay accumulator would not be applied, simply meaning that co-pay assistance in the form of 3rd party payments or manufacturer coupons count towards the patient's deductible and out-of-pocket expenses. Chart 2 will demonstrate a co-pay accumulator example where co-pay assistance *does not* count towards the patient's expenses.

In the following example the patient has a $2,000 deductible, 20% coinsurance, a $4,000 out of pocket max, and need for a drug that costs $2,000 per month.

Chart 1

Month	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
Patient out of pocket	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Copay assistance	$2,000	$400	$400	$400	$400	$400	$0	$0	$0	$0	$0	$0	$4,000
Payer	$0	$1,600	$1,600	$1,600	$1,600	$1,600	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$20,000

In month 1, the manufacturer issues a coupon to cover the full price of the drug ($2000), as a result the patient and payer do not owe anything. The patient's deductible has now been met, so they will owe 20% coinsurance ($400) each month for the drug until the out-of-pocket max has been met.

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In month 2, the manufacturer issues another coupon for $400 (total amount owed by patient or co-pay assistance program) and the payer covers the remaining $1,600. The patient has now met $2,400 of their $4,000 out of pocket max.

In months 3-6, copay assistance will cover the $400 as owed, and the payer must cover the remaining $1,600. After month 6, copay assistance will have satisfied the $4,000 out-of-pocket maximum, so the cost of coverage is left to the payer.

In total, the co-pay assistance program will have covered $4,000 and the payer will have covered the remaining $20,000.

Chart 2 (Copay Accumulator Applied)

Month	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
Patient out of pocket	$0	$0	$0	$0	$0	$2,000	$400	$400	$400	$400	$400	$0	$4,000
Copay assistance	$2,000	$2,000	$2,000	$2,000	$2,000	$0	$0	$0	$0	$0	$0	$0	$10,000
Payer	$0	$0	$0	$0	$0	$0	$1,600	$1,600	$1,600	$1,600	$1,600	$2,000	$10,000

In month 1, the manufacturer issues a coupon to cover the full price of the drug ($2,000), but this does not contribute to the patient's deductible or out-of-pocket max, so the price remains at $2,000 owed by the patient for the following month.

In months 2-5, the manufacturer continues to issue coupons covering the full price of the drug. Even though the Payers are receiving these funds on behalf of the patient, it does not count towards the deductible or out-of-pocket max.

In month 6, the patient must cover the total cost of the drug. Patients are often forced to exhaust copay assistance programs to keep receiving their medication. Once the assistance is depleted, the entire cost of the drug falls to the patient. With this payment, the deductible is met, and triggers the 20% coinsurance payment for the following month.

Months 7-11 show that the patient continues to pay their 20% coinsurance until their maximum out of pocket is met.

By month 12, the patient has met their out-of-pocket maximum and the full payment is covered by the payer.

As you can see from these examples, the clear benefactor in the copay accumulator model is the payer (health plans or PBMs). The patient is forced to pay $4,000 over the course of the year and the manufacturer or assisting entity is forced to pay more than twice as much than when their payments counted towards the deductible/out-of-pocket max.

It is commonly known that patients experiencing financial stressors are more likely to deviate from their prescribed course of treatment resulting in poorer health outcomes and in extreme cases, death.

It is important to note that HB177 does not preclude a PBM from removing a particular drug from a formulary, nor does it require PBMs or health plans to provide for additional coverage benefits. Put simply, this bill mandates that payments made on the patient's behalf (cost-sharing assistance) must be applied to any mandated cost-sharing requirement of a health plan or PBM. In other words, payments made on behalf of an individual to ensure that they can receive the life-saving medication that they have been prescribed by a medical professional, must be applied to the patient's deductible or out of pocket costs.

This bill unanimously passed the House in the 134th General Assembly and has been enacted in 19 states.

The overall goal remains the same for researchers, manufacturers, providers, and patients – provide the highest quality of healthcare at the lowest possible price to the patient. House Bill 177 allows for greater continuity of care, lower out-of-pockets costs for patients, and assurance that more Ohioans will be able to access the life-saving care they need.

Thank you to Chairman Lipps for the opportunity to provide written proponent testimony for House Bill 177. Life Sciences is proud to stand with Representative Manchester and the proponents of this long-overdue legislation. We welcome any questions or further discussions that may arise as a result of this testimony.

Respectfully,

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