



# Reducing Overall Specialty Spend with Specialty Copay Assistance

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How can plan sponsors reduce overall specialty spend within their plans? This is a common question directed to Employers Health and its PBM providers. Rightly so, specialty continues to be a focal point throughout Employers Health's book of business. Specialty increased by roughly \$54 billion from 2011-2016 and is now projected to represent close to 50% of total prescription drug spend.<sup>1</sup> As a result, PBMs have developed new initiatives to provide strategies that reduce both plan sponsor and plan participant specialty spend.

One strategy involves the evolution of specialty copay assistance or manufacturer copay cards. Outlined below are the different copay assistance opportunities available to plan sponsors and how both employers and their participants can benefit from these opportunities to save on their pharmacy spend.

## What is Specialty Copay Assistance?

Manufacturer copay assistance helps patients afford higher cost specialty brand name prescription drugs by reducing their out-of-pocket spend. When using copay assistance, the drug manufacturer covers part or all of the cost a member is responsible for through either a copay, coinsurance or a deductible. Consider a scenario where a specialty brand drug is approximately \$5,000 per 30 days' supply. The member's benefits plan has a \$250 copay on all specialty brands. A copay assistance program is available through the drug manufacturer that has a \$4,500 annual value maximum and a required \$50 per script payment by the member. In this instance, the coupon card would cover \$200 of

the \$250 member copay, thus the member would only pay \$50 out-of-pocket (OOP) for the member's \$5,000 specialty brand drug per month. Through this specialty copay assistance, or copay coupon, the member is saving \$2,400 annually.

## What are Specialty Copay Accumulators?

Because of the significantly lower payments incurred by members due to copay coupons, plans have shifted their focus to an approach called "accumulator adjustment." The PBM's approach ensures members are not falsely, or prematurely, hitting their deductibles early in the plan year. Going back to the specialty brand example, if a copay coupon lowers a member's out-of-pocket payment to just \$50, then only that \$50 amount would reflect toward the member's maximum out-of-pocket (MOOP) and deductible; not the total member cost share amount of \$250 which would take place without the accumulation approach. By doing so, the spend is balanced between the member and plan sponsor by giving credit for only what the participant has actually paid.

Copay accumulation has been a popular program amongst Employers Health clients, with just under 60% of our CVS book of business utilizing this strategy. To help plan sponsors and their participants battle rising health care costs, many PBMs have launched new copay optimization strategies, offering the potential for greater savings for plan sponsors who choose to participate.

## What is Copay Optimization?

Based on a recent PBM study, it was determined that more than 90% of specialty brand prescription fills have a copay card program available. To ensure these coupons are being fully utilized, many PBMs have offered new copay optimization initiatives to maximize savings from manufacturer copay cards and reduce both plan and participant costs. There are different ways PBMs approach these copay optimization strategies. Whether it is an approach, such as PrudentRx, that eliminates a patient's out-of-pocket obligations altogether, or a variable copay arrangement, where copays are adjusted to maximize the value of the copay coupon cards, the overall goal of copay optimization programs is to reduce employer spend while simultaneously utilizing copay coupons to reduce the plan participant's cost. Using the scenario covered in the section, "What is Specialty Copay Assistance?," the optimization strategy would seek to maximize the full \$4,500 annual coupon value available. To ensure this takes place, the member's copay would be adjusted from \$250 to \$425 per month for this specific drug. This allows the copay assistance coupon to cover \$375 of the \$425 copay after the required \$50 member share. While the copay amount does change, there is no impact on the member's actual out-of-pocket responsibility. The member paid \$50 with the coupon card prior to the adjustment and they will continue to pay \$50 after the adjustment. By increasing the copay to \$425 and maximizing the annual \$4,500 coupon value, the plan saves the additional \$2,100 available annually when compared to the



standard copay assistance approach that only utilized \$2,400 of the total coupon value.

Thus far, Employers Health's book of business has shown an average savings of 25% in gross specialty spend for clients who have implemented

copay optimization programs. Due to the significant cost savings, client adoption has increased as well. More than 50 clients currently participate in these strategies, and we anticipate adoption of these offerings by Employers Health clients will continue to increase.

### Next Steps

Specialty is indeed growing and changing rapidly. Of the \$1.5 billion in overall drug spend in Employers Health's book of business in 2020, roughly 47% of total spend was specialty. Employers Health works proactively with its pharmacy benefit managers to be innovative in promoting different strategies to help plan sponsors anticipate trends and control spend. It should be noted, there are various legislative and regulatory initiatives that may impact the effectiveness and longevity of these programs.

**So, how can plan sponsors help reduce specialty spend?** Specialty copay assistance programs, whether a copay accumulation or optimization approach, are options to consider. There are real savings available and plan sponsors should take advantage of the ability to incorporate these opportunities to save on their pharmacy spend. Reach out to your Employers Health client solutions or business development executive for more information on these specialty offerings.

### REFERENCES

1. <https://www.admere.com/amr-blog/the-rising-costs-of-specialty-drugs#:~:text=Spending%20on%20specialty%20medicines%20increased,U.S.%20household%20income%20that%20year>

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