MASSACHUSETTS
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Utilization and Spending Impact of Prescription Drug Coupons in Massachusetts

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The Role of the Massachusetts Health Policy Commission

- Independent state agency governed by an 11-member board with diverse experience in health care
- Policy hub for Massachusetts government
- Duties include:
  - Setting statewide health care cost growth benchmark
  - Enforcing performance against the benchmark
  - Certifying accountable care organizations and patient-centered medical homes
  - Registering provider organizations
  - Conducting cost and market impact reviews
  - Holding annual cost trend hearings
  - Producing annual cost trends report
  - Supporting innovative care delivery investments

Together with partner agencies, the HPC monitors the state's health care performance and makes data-driven policy recommendations

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Background: Authorization of Drug Coupons in the Commonwealth

Legislative History

- **Chapter 139 of the Acts of 2012** authorizes drug manufacturers to provide consumers with drug coupons and vouchers
  - Continues ban on drug coupons for AB rated generic equivalents
  - Sunsets the authorization of drug coupons (January 2015)
- In 2014 and 2016, the Legislature delayed the sunset on drug coupon authorization
- **Chapter 363 of the Acts of 2018** further delays the sunsets and directs the HPC to conduct a study on the matter

Statutory Language Directing the HPC to Complete a Study on Use of Prescription Drug Coupons in the Commonwealth

Chapter 363 of the 2018 Session Laws, ***An Act Extending the Authorization for the Use of Certain Discount Vouchers for Prescription Drugs***, was signed into law on January 2, 2019. It charges the HPC with conducting an analysis and issuing a report evaluating the effect of drug coupons and product vouchers for prescription drugs on pharmaceutical spending and health care costs in Massachusetts.

1. Analyze the **total number and value of coupons** redeemed in the Commonwealth, and the **types of drugs** for which coupons were most frequently redeemed.
2. Compare any change in utilization of **generic versus brand name prescription drugs** and any change in utilization among therapeutically-equivalent brand name drugs.
3. Analyze **effects on patient adherence** and **access to innovative therapies**.
4. Study the **availability of coupons** or discounts upon renewals and the **cost impact on consumers** upon expiration of coupons.
5. Analyze the **impact of drug coupons on health care cost containment goals** adopted by the Commonwealth and commercial and state employee health insurance premiums and drug costs.

Defining Drug Coupons for HPC Analysis

- Prescription drug coupons offered by manufacturers **reduce the amount of a patient's cost-sharing**, as established by the patient's insurance plan
  - Common terms: coupon, voucher, copay card
  - Distinct from:
    - Patient assistance programs offered by manufacturers, states, or charities for patients who cannot afford their medication
    - Cards or offers that reduce prices for patients without insurance
- Public payers (e.g., Medicare, Medicaid, VA) do not allow the use of coupons

Stakeholders Express a Range of Perspectives on Drug Coupons

Payer Perspective:

- Coupons weaken financial incentives for members to use lower cost treatments when available
- While patients have lower cost-sharing temporarily, health plans pay substantially more, and these costs translate to higher premiums for patients and employers

Patient Perspective:

- May face high cost-sharing and use coupons to afford needed medications
- Some consumer advocacy groups express concern about the impact of coupons on raising premiums

Manufacturer Perspective:

- Cite the value of coupons in increasing affordability and medication adherence

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Data Sources for Generic Drug Use Analysis

- **CMS Part D Prescriber Public Use File**
- **Symphony Health Integrated Dataverse (IDV)®**

Symphony Health is a national data services vendor. Symphony's Integrated Dataverse (IDV)® database contains pharmacy transaction data including:

- All commercially available Symphony pharmacy claims across multiple payers in Massachusetts, 2011-2018
- Sample of all commercial pharmacy claims in Massachusetts
- Plan payments, patient out-of-pocket payments, and coupon use

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Framework for Analysis of Prescription Drugs that Offer Coupons

Example	Category 1 **Generic equivalent (Not eligible in MA)**	Category 2 **Close therapeutic substitute: Generic**	Category 3 **Close therapeutic substitute: Branded**	Category 4 **No close therapeutic substitute**
Drug with coupon	Lipitor (statin; AB generic available)	Lyrica (nerve pain; no AB generic available)	Repatha (PCSK9; no AB generic available)	Kalydeco (cystic fibrosis; no AB generic available)
Comparator	Atorvastatin (generic Lipitor)	Gabapentin (generic Neurontin, another drug to treat nerve pain)	Praluent (another branded PCSK9)	None

Source: Van Nuys, Joyce, Ribero and Goldman. University of Southern California Leonard D. Schaeffer Center for Health Policy & Economics. 2018. A Perspective on Prescription Drug Copayment Coupon. Available at: https://healthpolicy.usc.edu/research/prescription-drug-copayment-coupon-landscape/

Impact of Coupons on Utilization of Close Generic Alternatives: HPC Case Study Approach

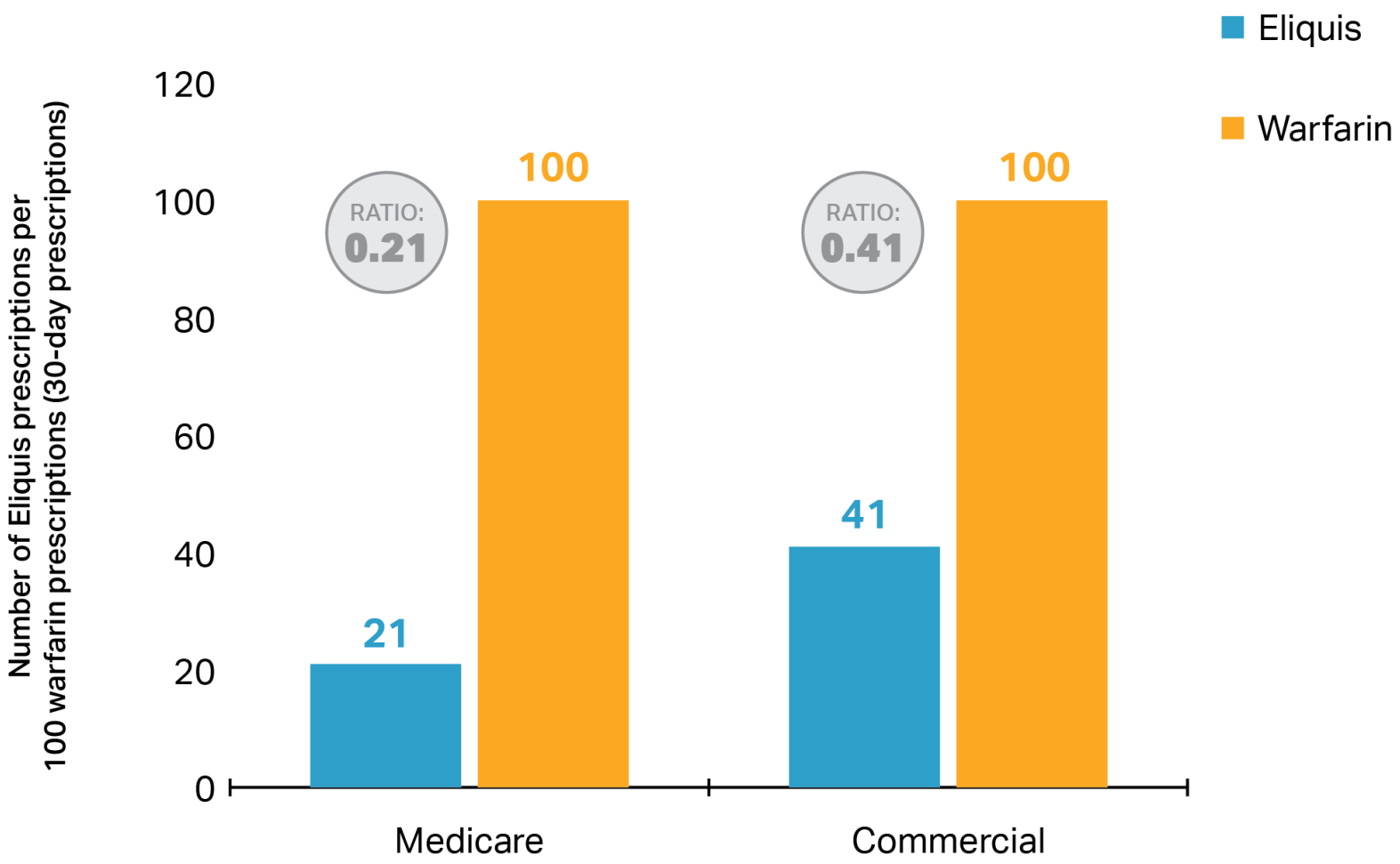
- Analyzed usage trends of drugs in this category for **commercial patients** compared to **Medicare patients** in Massachusetts
  - ***Medicare prohibits coupon use***
- Approach to selecting drugs sets:
  - The HPC focused on branded drugs in this category with the highest expenditures, based on literature and claims analysis[1]
    - 29 drugs identified on the basis of spending
  - Based on consultation with pharmacy and clinical advisors, the HPC applied clinical exclusions:
    - Excluded drugs where population differences (e.g. age) could affect prescribing choices between the two patient populations
    - Excluded drugs considered first-line or preferential treatment over close generic alternatives, based on clinical guidelines
  - These conservative criteria resulted in **14 target drugs** for the analysis
- For each drug, utilization trends were averaged for the two most recent applicable years of data

1. Van Nuys, Joyce, Ribero and Goldman. University of Southern California Leonard D. Schaeffer Center for Health Policy & Economics. 2018. A Perspective on Prescription Drug Copayment Coupon. Available at: https://healthpolicy.usc.edu/research/prescription-drug-copayment-coupon-landscape/

Data sources for analysis: Symphony Health IDV® database (commercial use and prices), CMS Part D Prescriber Use Files (Medicare use), and the Center for Health information and Analysis, All-Payer Claims Database, 2016

Example of Utilization Analysis

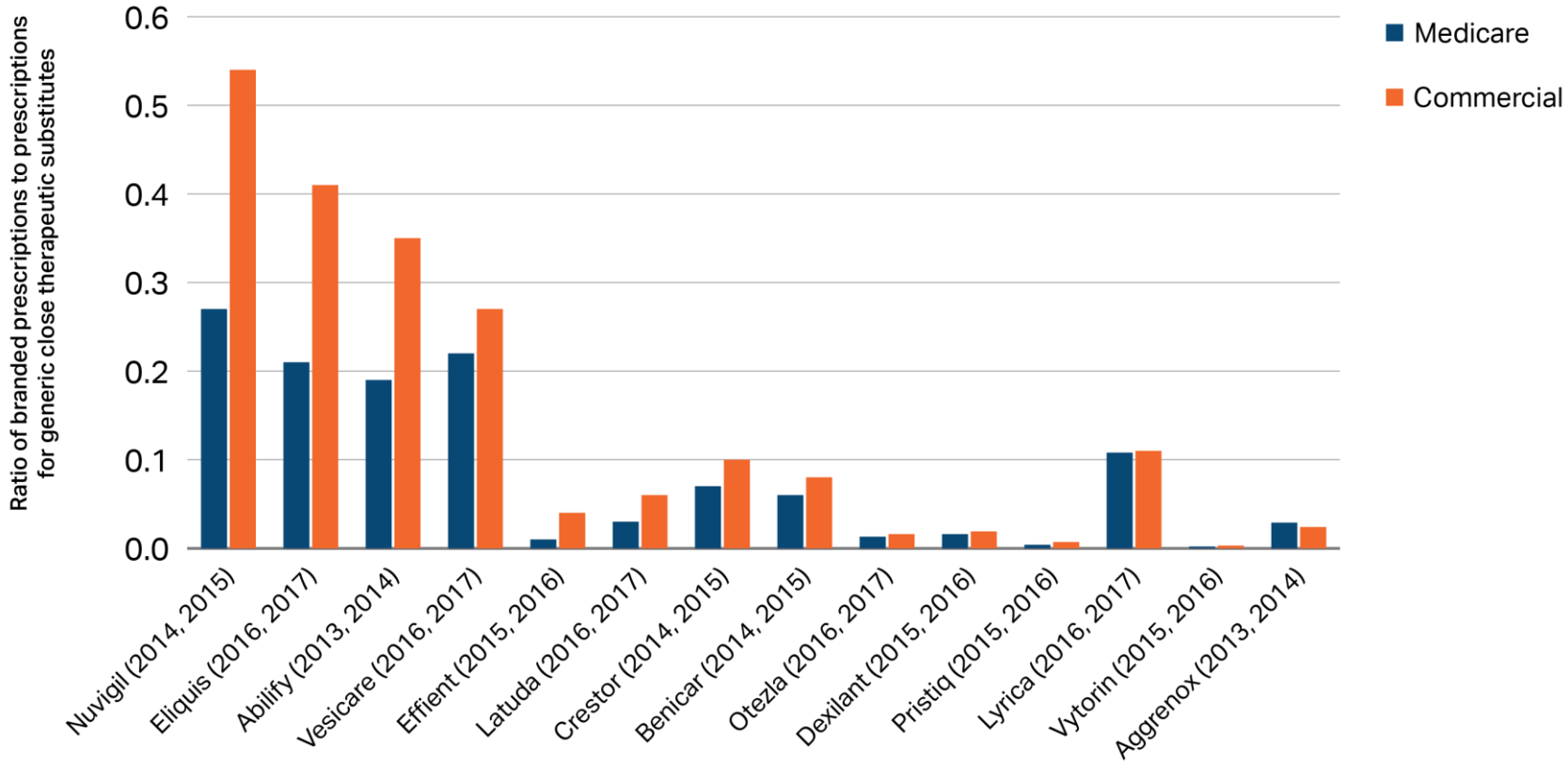
Relative utilization of Eliquis and warfarin by population in Massachusetts, 2016 and 2017



Source: HPC analysis of Symphony Health IDV® database and CMS Part D Prescriber Public Use Files

Higher Use of Branded Drugs Over Close Generic Alternatives in Commercial Populations Suggests Coupon Availability May Increase Brand Use

Relative utilization of branded drug versus generic close therapeutic substitutes in commercial and Medicare populations



Use of branded drugs versus close generic alternatives was **higher in the commercial population for 10 of 14 case study drugs**. For 4 case study drugs, use was similar in commercial and Medicare populations. On average, the percent of patients using coupons was higher for the 10 drugs with higher commercial use.

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Notes: For each case study drug, use trends are averaged for two most recent years of available data. Similar use defined as within 25 percent.
Source: HPC analysis of Symphony Health IDV® database and CMS Part D Prescriber Public Use Files

Higher Brand Utilization in the Commercial Population Results in 18% Higher Spending Per Case Study Drug, Totaling $45 Million per Year

Key Spending Impact Findings:

- Across 14 case study examples, spending was **18% ($1.4 million) higher on average per drug** than it would have been if commercial members used the close generic alterative as often as the Medicare population did

- Extrapolated to the entire commercial market in Massachusetts, the dollar amount per drug would be **$3 million**
  - For the 14 case study examples, spending would be **$44.8 million** higher per year

Case Study Considerations:

- While the selection of drugs for the case study was intended to isolate the impact of coupon availability on drug use rates, **other factors may also contribute to higher brand use in the commercial population**

- **It is unclear if the 14 case studies are representative** of all branded drugs that offer coupons and have close generic alternatives

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Notes: Spending analysis includes rebate estimate based on average rebate in the commercial market 2015-2017 from the Center for Health Information and Analysis.
Source: HPC analysis of Symphony Health IDV® database and CMS Part D Prescriber Public Use Files

Summary of Findings

- **Coupon values vary widely**: the average coupon value was $229 in 2018, with a median value of $55 (25th percentile = $30; 75th percentile = $150)
- Coupon programs and their uptake have **expanded in Massachusetts** since 2012
- For drugs where coupons were used, patient out-of-pocket liability was 21% of total spending; using coupons, **patients only paid 3%** of total spending out-of-pocket
- Coupons are associated with **increased medication adherence**, but the impact is largest for patients with high out-of-pocket costs
- For branded drugs with generic close therapeutic substitutes, coupon availability is associated with moderately **lower generic use** and **higher total spending**
- While coupons for some drugs **may result in potentially unnecessary higher spending and premiums**, many patients do not have alternatives and may depend on coupons to improve drug affordability
- Given continued growth in high deductible plan enrollment, coupled with increasing drug prices, **eliminating the availability of coupons at this time would likely create serious financial challenges** for many patients

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