

COPAY PROGRAMS AND BENEFIT DESIGN FOR SPECIALTY DRUGS

ASSUMPTIONS	
Benefit Design	
Coinsurance rate	30%
Annual deductible	\$3,000
Out-of-pocket maximum	\$6,000
Prescription Economics	
Cost per Rx	\$3,000
Manufacturer rebate to plan sponsor	20%
Amount covered by copay program (less \$25 patient OOP)	100%
Patient out-of-pocket with copay program	\$25
Maximum value of copay program	\$15,000

Alternatives vs. Conventional Scenario	ACCUMULATOR		MAXIMIZER	
	Change	% Change	Change	% Change
Patient OOP (actual)	+\$5,875	4700%	+\$175	140%
Plan sponsor net cost	-\$15,000	-66%	-\$9,300	-41%
Manufacturer payments	+\$9,125	+70%	+\$9,125	+70%

CONVENTIONAL SCENARIO

Payer costs	<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>	<u>Annual</u>
[1] Patient OOP (actual)	\$25	\$25	\$25	\$25	\$25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$125
[2] Manufacturer copay program	\$2,975	\$875	\$875	\$875	\$275	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,875
[3] <u>Plan sponsor</u>	<u>\$0</u>	<u>\$2,100</u>	<u>\$2,100</u>	<u>\$2,100</u>	<u>\$2,700</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$30,000</u>
[4] Total	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$36,000
Per-prescription economics													
[5] Manufacturer rebate = [4] * 20%	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$7,200
[6] Patient OOP (per plan) = [1] + [2]	\$3,000	\$900	\$900	\$900	\$300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,000
[7] Plan sponsor net cost = [3] - [5]	-\$600	\$1,500	\$1,500	\$1,500	\$2,100	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$22,800
[8] Manufacturer payments = [2] + [5]	\$3,575	\$1,475	\$1,475	\$1,475	\$875	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$13,075

ACCUMULATOR ADJUSTMENT SCENARIO

Payer costs	<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>	<u>Annual</u>
[9] Patient OOP (actual)	\$25	\$25	\$25	\$25	\$25	\$2,875	\$900	\$900	\$900	\$300	\$0	\$0	\$6,000
[10] Manufacturer copay program	\$2,975	\$2,975	\$2,975	\$2,975	\$2,975	\$125	\$0	\$0	\$0	\$0	\$0	\$0	\$15,000
[11] <u>Plan sponsor</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,100</u>	<u>\$2,100</u>	<u>\$2,100</u>	<u>\$2,700</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$15,000</u>
[12] Total	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$36,000
Per-prescription economics													
[13] Manufacturer rebate = [12] * 20%	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$7,200
[14] Patient OOP (per plan) = [9]	\$25	\$25	\$25	\$25	\$25	\$2,875	\$900	\$900	\$900	\$300	\$0	\$0	\$6,000
[15] Plan sponsor net cost = [11] - [13]	-\$600	-\$600	-\$600	-\$600	-\$600	-\$600	\$1,500	\$1,500	\$1,500	\$2,100	\$2,400	\$2,400	\$7,800
[16] Manufacturer payments = [10] + [13]	\$3,575	\$3,575	\$3,575	\$3,575	\$3,575	\$725	\$600	\$600	\$600	\$600	\$600	\$600	\$22,200

MAXIMIZER SCENARIO

Payer costs	<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>	<u>Annual</u>
[17] Patient OOP (actual)	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
[18] Manufacturer copay program	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$15,000
[19] <u>Plan sponsor</u>	<u>\$1,725</u>	<u>\$1,725</u>	<u>\$1,725</u>	<u>\$1,725</u>	<u>\$1,725</u>	<u>\$1,725</u>	<u>\$1,725</u>	<u>\$1,725</u>	<u>\$1,725</u>	<u>\$1,725</u>	<u>\$1,725</u>	<u>\$1,725</u>	<u>\$20,700</u>
[20] Total	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$36,000
Per-prescription economics													
[21] Manufacturer rebate = [20] * 20%	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$7,200
[22] Patient OOP (per plan) = [17]	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
[23] Plan sponsor net cost = [19] - [21]	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$13,500
[24] Manufacturer payments = [18] + [21]	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$22,200

Definitions

Conventional scenario: A manufacturer’s payments from a copay program count toward a patient’s deductible and annual out-of-pocket maximum. Once these annual limits are reached, the plan pays for all subsequent prescriptions.

Copay accumulator adjustment: A manufacturer’s payments do not count toward the patient’s deductible and out-of-pocket maximum obligations. The manufacturer funds prescriptions until the maximum value of the copayment program is reached. After that point, the patient’s out-of-pocket costs begin counting toward their annual deductible and out-of-pocket maximum.

Copay maximizer: A manufacturer’s payments do not count toward the patient’s deductible and out-of-pocket maximum obligations. The maximum value of the manufacturer’s copayment program is applied evenly throughout the benefit year. The patient’s out-of-pocket costs are determined by the copay program and never reach their annual deductible and out-of-pocket maximum.