



Texas Should Ban Efforts by Big Pharma to Manipulate Drug Costs

Description

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As the old joke goes, drug dealers always offer you the first hit for free because once they get you hooked, you'll be back for more and willing to pay. When similar incentives are offered by Big Pharma for high-priced prescription drugs, the joke's on patients and employers who pay for health coverage.

Big Pharma [uses coupons](#) and "copay assistance programs" to [manipulate the market and retain market share](#) when generic and alternative brand name drugs become available. To be clear, these coupon programs are not the same as the patient assistance programs used to help uninsured patients pay for drugs. Instead, drug manufacturers use coupon programs to specifically [target individuals with insurance](#) to get them to buy higher-priced brand name drugs when generics are available.

[House Bill 2668](#), which will be heard in the [House Insurance Committee](#) today, prohibits health plans from stopping Big Pharma's efforts to

manipulate the market and price gouge Texas consumers and employers through drug coupons.

By starting patients on the high-cost product, patients will likely continue on them even when cheaper or improved options hit the market. These [drug coupons and “copay assistance” programs](#) are a [clever marketing tactic](#) to incentivize patients to take higher-priced brand name drugs.

By not allowing these coupons to count toward a patient’s deductible, health plans and prescription benefit managers use copay accumulators to help stop Big Pharma’s attempt to game the system. Keep in mind that these amounts not counted toward the patient’s deductible were never paid by the patient.

[Studies show that copay accumulators work](#) and reduce drug prices for employers and families. A contract mandate prohibiting health plans from addressing this issue will allow Big Pharma to continue to manipulate the market and will increase health insurance costs for Texans.

Studies show coupons significantly drive up the cost of health care coverage and increase drug costs by [\\$30 million to \\$120 million per drug](#). If Big Pharma really wants to lower the costs of drug coverage for patients, they could do it for ALL patients for ALL drugs. In fact, these coupons are [prohibited by Medicare](#) because they are considered an “inducement for services” or a “kickback.”

Instead of allowing Big Pharma to get away with this market manipulation, [health care economists recommend banning all coupon programs](#) to reduce overall drug coverage costs by 1%, or \$1.2 billion, a year in the United States. Other states that are trying to reduce the cost of prescription drugs have proposed legislation this year to ban Big Pharma’s use of coupons instead of expanding Big Pharma’s use of coupons to manipulate the market as Texas’ proposed legislation does.

Texas employers shoulder the biggest burden when it comes to government mandates because most Texans receive health coverage through their

employer. In [a recent survey of NFIB members](#), small business owners in Texas ranked the cost of health insurance as the single biggest problem and priority. Because of the added costs of state health insurance mandates, small businesses are discouraged from offering health coverage to their employees, increasing the number of Texans without health care coverage. While 99% of large employers offer health benefits, [only 56% of small employers](#) offer health benefits. [Firms not offering health benefits continue to cite cost](#) as the most important reason. [Research shows](#) that one in five of these small businesses would offer health benefits if there were fewer mandates.

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