



March 14, 2024

The Honorable Matt Klein, Chair, Commerce and Consumer Protection Committee
Minnesota Commerce and Consumer Protection Committee Members
Minnesota Senate
2105 Minnesota Senate Building
St. Paul, MN 55155

Re: **SF 4065 – Various provision modifications governing debt collection, garnishment, and consumer finance**

PCMA Testimony – Oppose Out-of-pocket Maximum or Cost-sharing Requirement; Enrollee Contribution Calculation (a/k/a “Copay Accumulators”)

Dear Chair Klein and Members of the Commerce Finance and Policy Committee:

My name is Michelle Mack and I represent the Pharmaceutical Care Management Association, commonly referred to as PCMA. PCMA is the national trade association for pharmacy benefit managers (PBMs), which administer prescription drug plans for more than 275 million Americans with health coverage provided by large and small employers, health insurers, labor unions, and federal and state-sponsored health programs.

PCMA appreciates the opportunity to provide written testimony on HF 4065 and respectfully is opposed to Section 1, found on page 1, lines 1.14 through 1.21. This is commonly referred to as “Copay Accumulators.” The language in this section of the bill will result in higher costs for health plans, and ultimately patients, while codifying the business interests of pharmaceutical manufacturers.

Copay coupons are a tool used by drug manufacturers to steer patients away from generic drugs toward more expensive brand drugs. They are prohibited under Medicare and Medicaid as illegal kickbacks. That is, under federal law, copay coupons are considered an illegal inducement to care. However, copay coupons are still allowed in the commercial market. While we do not object to patients getting discounted medications, allowing that same patient to then apply that discount to their deductible is both misguided and unfair to other patients taking drugs for which manufacturers do not offer discounts or coupons.

A study published in the American Economic Journal¹ estimates that copay coupons increased drug spending by up to 4.6%. According to the study, each 1% increase equates to approximately \$1.5 billion in higher drug spending annually. The study concluded that for every \$1 million drug manufacturers provide in coupons results in them reaping \$20+ million in profits.

¹ American Economic Journal: Economic Policy 2017, 9(2): 91-123 <http://doi.org/10.1257/pol.20150588>



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In 2016, researchers from Harvard, Kellogg, and UCLA released an analysis of the impact coupons have on generic utilization and drug spending.² They found coupons increase brand drug sales by more than 60%, increasing drug makers' revenue by \$700 million. More importantly, they concluded consumers paid between \$700 million and \$2.7 billion more in health care spending because of coupons.

Copay accumulator programs are used by health plans to thwart drug manufacturers' efforts to force employers, unions, and commercial health plans to pay for expensive, unnecessary brand medications. Copay coupons may come in the form of a coupon, debit card, or some other arrangement to disguise the source of payment. The language in Section 1 of SF 4065 seeking to stop payers from managing their costs by prohibiting the use of accumulator programs would eliminate an important tool in their fight against rising prescription drug costs.

Thank you for your time and consideration. Please feel free to contact me should you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michelle Mack". The signature is fluid and cursive, with a prominent flourish at the end.

Michelle Mack
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Cc: Sen. Liz Bolden

² When Discounts Raise Costs: The Effect of Copay Coupons on Generic Utilization, October 4, 2016.
https://www.hbs.edu/faculty/Publication%20Files/DafnyOdySchmitt_CopayCoupons_32601e45-849b-4280-99922c3e03bc8cc4.pdf