

FIGHTING CHANCE

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SPECIAL ISSUE:

CANCER AND THE COPAY PUZZLE



At Fighting Chance newly-diagnosed cancer patients often ask us: what is a “copay” and how can its financial burden be relieved.

1. The Insurer's Perspective

To discourage patients' excessive use of the healthcare system most insurance policies -- whether from the government or private sector -- impose a “copay.” A simple example: the doctor's bill is \$100. In that case the insurer will pay 80% and the patient has a copay obligation of 20% or twenty dollars.

But the equation gets more complicated when the patient needs medications for newly-diagnosed cancer.

If the patient is covered by Medicare -- and many of the patients we see are -- then the first part of the copay puzzle is whether the cost of medication will be paid for by Part B or Part D.

Many patients with newly-diagnosed cancer assume that they will look to Part D because it covers the cost of medications they routinely pick up at their local pharmacy. Any insurance reimbursement, in that case, is for the economic benefit of the pharmacy.

In most instances, however, cancer drugs are not provided to patients through pharmacies (and hence Part D is irrelevant). ¹ Instead, these medications are provided by drugmakers directly to oncologists.

2. The Oncologist's Perspective

While insurance companies want copays taken seriously so that the patient “thinks twice” before rushing to the doctor's office, the oncologist looks at copays as 20% of the reimbursement the oncologist will receive, since the doctor now has an economic interest in the transaction -- as seller of the cancer drugs to the cancer patient.

Oncologists also care about getting the other 80% of their reimbursement -- either pursuant to Medicare Part B or a private sector policy, both of which come with a copay obligation and apply to drugs administered within a doctor's office. And a doctor's office is exactly where cancer patients get their chemo infusion and other cancer drug injections.

¹ If a cancer drug comes in the form of a pill, then, in theory, Medicare coverage for its cost would be under Part D (which does have a copay feature). As a practical matter, however, almost all of the hyper-expensive cancer drugs (that fuel the debate over rising drugs costs), do **not** come in pill form.

3. *The Drugmakers' Perspective*

To say that patients should be responsible for a small portion of the cost of medications sounds reasonable perhaps.

But that idea becomes inflammatory when the cost of a single cancer drug reaches \$100,000 per year so that the patient copay is \$20,000. One potential result is widespread consumer protests over the rising costs of cancer drugs.

Now let's consider the perspective of America's largest pharmaceutical companies, commonly referred to as "Big Pharma." They have an incentive to tamp down and diffuse any consumer protests because that might lead to price control legislation.

Consequently, financial intervention from Big Pharma -- in one way or another -- is largely what insures that cancer patients do receive copay relief.

4. *Copay Charities Funded by Big Pharma*

Since a majority of newly-diagnosed cancer patients are over age 65, and hence usually have Medicare coverage, it might make sense for Big Pharma to simply provide these patients with a direct subsidy to ease the burden of copays.

However, easing the burden of a Medicare copay, through direct payments to patients, violates government regulations.

As an alternative, Big Pharma has established a handful of specialized charities and is by far their largest funder, reportedly giving them, in 2014, about \$1 billion.³

A Medicare patient with cancer, who finds their copay burdensome, can apply to one of these charities for financial assistance.⁴ The application process is not complex -- and Fighting Chance, of course, can assist with that paperwork.

5. *Limit on Charitable Assistance*

The copay charities funded by Big Pharma have one important limitation -- namely, there is "means testing." Consequently, the program benefits are not available to an individual making more than \$42,000 a year nor to a couple making more than \$62,000 a year. On the East End, however, there are plenty of senior citizens whose income falls within those limits and, if they are diagnosed with cancer, these charities can provide an important financial lifeline.

6. *Big Pharma Assistance for Those With Private Sector Insurance.*

If a cancer patient has insurance provided by the private sector, then drugmakers can directly provide copay assistance and frequently do.

The assistance often takes the form of "Copay Coupons" that are used as a form of credit to defray the copay costs that otherwise would burden the patient.

Some manufacturers of cancer drugs pay almost the entire copay cost while others set means-testing limits in order for financial relief to be provided. In either case the vehicle used is commonly called a Patient Assistance Program or a "PAP"

³ According to a panel discussion held at a December 1, 2015 conference, sponsored by the National Comprehensive Cancer Network

⁴ An example of one of these charities -- and one of the most highly regarded -- is CancerCare Copayment Assistance Foundation (ph: 866-552-0729; information@cancercarecopay.org).

7. Examples of Assistance -- from Genentech and Celgene

Many of the most effective and innovative prescribed cancer drugs today come from Genentech. It recently became part of the Roche worldwide pharmaceutical organization. Widely prescribed Genentech drugs include Avastin, Herceptin, and Rituxan -- all of which cost between \$75,000 to \$100,000 for a year's supply.

If you are a cancer patient using these drugs, and have private sector insurance and find the copay burdensome, than contact Genentech's PAP -- known as "Patient Access Solutions."⁴

Another notable company is Celgene which makes Revlimid, the most widely prescribed drug for the treatment of multiple myeloma. A year's supply can cost upwards of \$180,000, but with help from Celgene's PAP the copay may be minimal.⁵

8. Copay Waivers by Oncologists

In some cases clinical oncologists have been known to tell patients that their entire 20% copay obligation is waived.

Such a practice, however, cannot become pervasive or else the clinic will be branded as an "insurance only" shop and that has very negative legal consequences.

⁴ For financial assistance from Genentech contact 866.422.2377; info@genentech-access.com.

⁵ For financial assistance from Celgene contact 1.800.931.8691 ext .410; www.celgenepatientsupport.com

Fighting Chance appreciates the pre-publication review of this material by Peter Bach, MD.

He is at Memorial Sloan Kettering where he serves as Director of The Center for Health Policy and Outcomes

9 COPAY COLLECTION EFFORTS CANNOT BE "HALF-HEARTED"

If a patient's oncologist does not waive a drug copay, then the patient ordinarily will be billed by the oncologist for 20% of the cost.

Not surprisingly, patients often disregard an invoice stating that they owe this 20%, and in many cases that notification is resent on multiple occasions.

Eventually oncologists are entitled to view these unpaid copays as a "bad debt" and write them off -- but only after making reasonable efforts at collection.

What "reasonable efforts" really means and how different oncologists may interpret the term remains a murky area of healthcare law.



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