

## Drug Co-Pay Coupons: A Bad Bargain

Drug manufacturer co-pay coupons are featured in TV and magazine ads, handed out by doctors and pharmacists, and available online. They are everywhere. More than 140 different manufacturers use these co-pay coupons to promote more than 440 different drugs, many of which have more affordable alternatives, such as generic drugs. These promotions don't operate like a traditional 'coupon' you might use at the grocery store. In fact, these offers have significant implications for both the privacy of your personal health information and the cost of your health care.

### **Q. How can using a drug copay coupon affect my personal privacy rights?**

#### **A. Coupons give drugmakers the key to your entire drug history.**

Using a drug co-pay coupon provides a drug manufacturer with your personal health information, including a complete history of your prescription drug use. How? When you sign up for a drug coupon program online or at the pharmacy, you provide the drug company with your name and other personal information. Then, when you use the coupon to fill your prescription, your information is matched in the pharmacy database, and they sell that information and much more back to the drugmaker! This is how using a co-pay coupon opens you up to 'brand loyalty' marketing in the mail. Drug companies can also use this personal information to target you with TV ads aimed specifically at your household (as explained in the Wall Street Journal [here](#)). Federal privacy protections do not protect you from this – or prevent drugmakers from selling your information to others. We recommend you reduce prescription costs by exploring whether there are equally affordable alternatives with your doctor or pharmacist – not by using manufacturer coupons.

### **Q. Won't drug co-pay coupons save me money?**

#### **A. It may appear that way, but not in the end.**

Out-of-pocket costs are only a fraction of a drug's cost; the remaining cost is paid by your employer or health insurance plan. While using a manufacturer co-pay coupon will lower your direct copayment, your employer or health plan will likely pay thousands of dollars more each year. So using co-pay coupons can drive up the costs of health care coverage. This is one of the top reasons that individual and family health care premiums continue to rise, and that employee wages continue to fall. By resisting the lure of a co-pay coupon, and considering a more affordable generic drug alternative, you are doing yourself and your coworkers a big favor.

### **Q. What are my alternatives?**

#### **A. Hundreds of affordable alternatives for most conditions . . . .**

While some diseases don't have many alternatives, most do. Ask your doctor or pharmacist if there is a more affordable alternative: hundreds of treatments for most conditions are available as very affordable [generic drugs](#). (See more resources on then next page.)

### **Q. Why are these "generic drugs" less expensive?**

#### **A. Good old-fashioned market competition . . . .**

Like TVs and toasters, generic drugs are made and sold by several different manufacturers, and this competition drives prices down by 90 percent on average. But unlike other consumer goods, the safety and quality of generic drugs is highly regulated. Each generic drug has been approved by the FDA to have the same active drug ingredient, and shown to have the same biological action as its equivalent brand-name drug. In 2011, over 80 percent of all prescriptions in the U.S. were filled with generic drugs.

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# What You Should Know About Drug Co-Pay Coupons

## **Q. Is it legal for me to use a co-pay coupon?**

### **A. Not under Medicare, or any other federal program . . . .**

Use of a manufacturer co-pay coupon is illegal if you are covered by Medicare or any other drug insurance paid for by any federal program, such as the Veterans Administration or Medicaid. That's because these coupons violate the federal anti-kickback statute.

## **Q. But are copay coupons a good idea if I have no insurance?**

### **A. Probably not, unless it's truly a last resort . . . . .**

Many manufacturer drug coupons have fine print stating that you cannot use them unless you have health insurance. This is evidence that these promotions are designed to sell expensive drugs over lower-cost alternatives—not to help vulnerable patients afford their essential medications.

If you don't have insurance, talk with your doctor or pharmacist about any affordable alternative drugs that could be prescribed. They can help you choose a drug you will more likely be able to afford. Also, see our [factsheet on the federal 340B program](http://www.communitycatalyst.org/doc_store/publications/340B-discount-drugs.pdf) (at [http://www.communitycatalyst.org/doc\\_store/publications/340B-discount-drugs.pdf](http://www.communitycatalyst.org/doc_store/publications/340B-discount-drugs.pdf)) and Consumer Reports' [fact sheet on drug assistance programs](http://www.consumerreports.org/health/resources/pdf/best-buy-drugs/money-saving-guides/english/AssistancePrograms-FINAL-April2007.pdf). (at <http://www.consumerreports.org/health/resources/pdf/best-buy-drugs/money-saving-guides/english/AssistancePrograms-FINAL-April2007.pdf>)

### **Some more useful resources:**

[Consumer Reports Best Buy Drugs](http://www.consumerreports.org/health/resources/pdf/best-buy-drugs/money-saving-guides/english/AssistancePrograms-FINAL-April2007.pdf) and [www.RxFacts.org](http://www.RxFacts.org) recommend alternatives to many expensive brand-name drugs.

The commercial website [www.GoodRx.com](http://www.GoodRx.com) shows how much drugs cost.

## **Q. Are co-pay coupons a good idea if I need to take an expensive biologic drug that has no less expensive alternatives?**

### **A. Perhaps, but it may not be a long-term solution . . . . .**

In late 2012, nearly 70 percent of all the expensive biologic drugs also featured a co-pay coupon. If you are taking one of these expensive products, you may face a very high copayment even if you have insurance. As a nation, we need to find ways to make these products affordable to consumers and their employers. There may be less expensive alternatives, such as generic non-biologic drugs. Otherwise, using a co-pay coupon may be your only choice.

### **For more information** about drug coupons, visit

<http://www.prescriptionaccess.org/learnmore?id=0029> or contact the *Prescription Access Litigation* project at Community Catalyst, at [wwilkinson \(at\) communitycatalyst.org](mailto:wwilkinson@communitycatalyst.org).

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*Our intent is to enhance your communication with your clinician, rather than to replace it. Please share this with your medical or health provider to initiate a conversation about the affordability, effectiveness, and privacy of your health care.*

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