



Prescription Drug Resource Center

Consumer Copayment Caps for Prescription Drugs

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Background

When people think of the high cost of health care, they often think of the increasing prices of prescription drugs. [According](#) to the Centers for Medicare and Medicaid Services (CMS), in 2017 spending on prescription drugs accounted for approximately \$333 billion, or 10%, of national health expenditures. Although prescription drug spending increased just 0.4% in 2017, CMS [projects](#) that prescription drug spending will grow 3.3% in 2018. Furthermore, that percentage is expected to accelerate to 4.6% in 2019. This is attributed to introductions of new drugs into the market and higher use of both brand-name and generic medicines.

High prescription drug costs particularly affect people who have chronic conditions like diabetes, cancer, HIV/AIDS, and multiple sclerosis. While some treatments may improve a person's quality of life, others are lifesaving. For instance, Hepatitis C, a liver disease that was once deadly, is now curable through groundbreaking medicines. However, therapies to treat Hepatitis C usually cost over \$20,000 for a 12-week course of treatment.

Insurance carriers require various consumer cost-sharing requirements such as deductibles, coinsurance and copayments. For 2019, the average deductible in the individual marketplace is between \$4,375 and \$6,258. A deductible is the amount a consumer pays before coverage begins. A copayment (a flat fee) or coinsurance (a percentage of the claim) is paid by the consumer after the deductible is met. The Affordable Care Act (ACA) places a cap on total out-of-pocket expenses. For 2019, that is \$7,900 per year for individuals and \$15,800 for families.

These types of cost-sharing structures often mean that some patients who take an expensive medication face paying thousands of dollars out of pocket per year, frequently hitting their deductible, if not the out-of-pocket maximum. Researchers at the Centers for Disease Control and Prevention (CDC) [found](#) that medication nonadherence is often due to patients not being able to afford their medicine. They suggest that, "nonadherence is associated with higher rates of hospital admissions, suboptimal health outcomes, increased morbidity and mortality, and increased health care costs." In a Kaiser Family Foundation (KFF) [survey](#), 43% of respondents had difficulty paying for their deductibles, and 31% felt this way about their copays for prescription drugs.

According to the [CDC](#), 48.9% of Americans used at least one prescription drug during the past 30 days. Furthermore, a recent KFF [poll](#) found that one in four Americans taking a prescription drug had trouble affording their medication, including one in 10 who say it is extremely difficult. Hearing these concerns, helping people afford their medications remains a top priority for legislators, regardless of party affiliation.

State Action

Several state legislatures have responded to increasing prescription drug costs with legislation that places caps on consumer copays for specific treatments or under certain conditions. While California led the country in passing the most comprehensive legislation to achieve this, at least [20 other states](#) have passed legislation that in some way



addresses cost sharing and deductibles for prescription drugs. Below are examples of legislation enacted in California, Louisiana, and the District of Columbia that specifically seeks to limit consumer out-of-pocket expenses for prescription drugs.

California: Consumer protections established by the 2015 law, [AB 339](#), would have sunset at the end of 2019. Enacted in 2017, [SB 1021](#) extends these protections through 2023, placing a \$250 per month cap on an individual prescription, with specific limits on some drugs in some plans ranging from \$150 to \$500. The bill also mandates that a patient is not required to pay more than the retail price for a prescription drug if a pharmacy's retail price is less than the applicable copayment or coinsurance. Additionally, this bill extends coverage to treatments medically necessary for the prevention of HIV until Jan. 1, 2023.

Building on previous legislation, the 2018 law, [AB 1860](#) provides protections for cancer patients until 2024. This measure prohibits an individual health insurance policy or group health care service plan contract that provides coverage for prescribed, orally administered, anti-cancer medications from requiring an enrollee to pay a total amount of copayments and coinsurance that exceeds \$250 for a 30-day supply.

District of Columbia: The D.C. [Act 21-664](#), "Specialty Drug Copayment Limitation Act of 2017," imposed a \$150 copay cap for a 30-day supply or \$300 copay cap for a 90-day supply of specialty drugs.

Louisiana: As an example of a law that more narrowly addresses the consumer cost-sharing of specialty prescription medications, [Act No. 453](#), passed in 2014, places a \$150 cap per consumer on specialty drugs after the deductible is met.

Conclusion

Laws that limit consumers' cost sharing can help them afford their medicine, but the effect it has on the overall health system is at the heart of the debate. While supporters say these measures bring much needed relief to people struggling to pay for their medication, opponents [maintain](#) that they ultimately raise health insurance premiums. This balancing act facing state lawmakers has no simple remedy. As long as the cost of prescription drugs keeps escalating, capping copayments will likely continue to be an option on the table for legislators.