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February 25, 2025

The Honorable Joseline A. Pena-Melnyk  
Chair, House Health and Government Operations Committee  
241 Taylor House Office Building  
Annapolis, Maryland 21401

**Re: HB 1246, Copay Coupon Accumulator Ban**

Dear Chair Pena-Melnyk:

On behalf of AHIP, thank you for the opportunity to comment on House Bill 1246. We appreciate all of the time the sponsor and your committee have taken to understand our concerns regarding how copay accumulator bans restrict health plans' ability to hold down drug costs, and we recognize the significant changes that have been made to this bill since it was introduced during the previous session.

Our biggest concern has always been that copay accumulator bans restrict health plans' ability to hold down drug costs. We know that drug manufacturers intentionally use copay coupons to keep drug prices high. Everyone should be able to get the medications they need at a cost they can afford. But drug prices are out of control, and Maryland families feel the consequences every day. Pharmacy costs now represent over 24 cents out of every dollar of premium spent on health care.<sup>1</sup>

Drug manufacturers acknowledge their drugs are unaffordable for patients, but rather than addressing this by lowering their prices, they instead offer copay coupons<sup>2</sup> to hide the actual cost of those drugs. Coupons intentionally offset short term cost sharing for a few patients, while increasing the cost of pharmacy care for everyone and benefiting drug manufacturers.

***Health plans use guardrails to hold drug manufacturers accountable for pricing schemes such as copay coupons.*** It is critical to have guardrails in place to ensure transparency and affordability in drug pricing. Employers and health plans have worked hard to develop guardrails that reflect patients' actual out-of-pocket spending on drugs and shed light on drug manufacturer pricing schemes.<sup>3</sup> These employer and health plan guardrails do not result in higher costs for patients. Instead, they maximize the value of coupons to benefit the patient, taxpayers, and plan sponsors, and reduce the ability of drug manufacturers to avoid fair negotiation on prices.

Copay coupons encourage the use of high-priced branded prescription drugs when more affordable generic alternatives are available. Thus, HB 1246 sensibly excludes the value of manufacturer coupons from counting towards annual cost sharing limitations when the coupon is for a prescription drug that has an AB-rated generic equivalent or an interchangeable biological product.

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<sup>1</sup> [Where Does Your Health Care Dollar Go?](#) AHIP. October 2024.

<sup>2</sup> Here, the term "copay coupons" is used to represent all payments provided by a third party towards a patient's cost sharing (copay, coinsurance, deductible). This includes coupons directly from drug manufacturers, but also third-party payments and discount programs from patient assistance programs.

<sup>3</sup> Humer, Caroline and Michael Erman. [Walmart, Home Depot adopt health insurer tactic in drug copay battle](#). Reuters. November 13, 2018.

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However, additional circumstances exist where copay coupons can distort the market, such as when multiple brand-name drugs exist within the same therapeutic class, or when the active ingredients of a drug can be obtained over the counter. We urge further amendments to HB 1246 to account for these other lower-cost alternatives. Failing to account for them undermines efforts to promote cost-effective prescribing.

HB 1246 already requires manufacturers to notify patients of the maximum dollar amount and the expiration date for any coupons. We also urge you to consider additional, similar reforms to require a fair and equitable distribution of such coupons with sufficient oversight and transparency. This includes requiring that coupons be given to all patients prescribed a drug and be provided for the entire plan year, as well as that manufacturers inform health plans when they are providing a coupon or other type of financial assistance to an enrollee of that health plan.

**AHIP Recommendation.** Eliminating copay coupon accumulators removes a critical tool used in the effort to hold drug manufacturers accountable for their exorbitant prices. However, further amendments would lessen HB 1246's detrimental impact.

We stand ready to work together with state policymakers to ensure every patient has access to the high quality, affordable drugs that they need.

Sincerely,



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