Industry Voices—Bringing drug price cost transparency directly to patients

This is the fourth in a series of articles that looks at the current state of drug cost transparency for prescribers, pharmacists, and patients, and how to improve it based upon savings and ROI. The first three articles can be found here: First, Second and Third.

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The first three articles in this series have focused on the promise and challenges with Real-Time Prescription Benefit Check, the need to move beyond transparency at prescribing to include a patient's current medications and the growing role of managed care pharmacists in cost savings through transparency.

This fourth and final article addresses the importance of drug cost transparency direct to members to empower decision-making, improve member satisfaction, and to comply with state and federal requirements.

Until the introduction of RTPB, patient-specific drug costs surfaced only at the pharmacy counter. At that point, the medication and pharmacy were chosen with little or no consideration of cost. Providers selecting medications were not provided drug costs and alternatives and patients were largely powerless to advocate for the most cost-effective medications.

Real-Time Prescription Benefit has improved cost transparency for providers by delivering patient out-of-pocket costs to providers for new prescriptions at the point of prescribing in EHRs. Yet, as explained in article one of this series, standard RTPB services provided by pharmacy benefit managers fall short of empowering cost-effective prescribing by failing to show the total cost of drugs and by failing to regularly deliver lower-cost alternatives.

A recent JAMA-published study, documented lower-cost alternative drug information is delivered to prescribers less than five percent of the time. In addition, standard RTPB services provide no information directly to patients who pay for prescription drugs through copays as well as insurance premiums. This has begun to change.

Driven by federal and state mandates, patients are now, for the first time, being empowered with robust drug cost information. CMS-4190-F2 mandates payers to provide a Real Time Benefit Tool to enrollees starting as of Jan. 1, 2023. The language of the rule includes that the

“RTBT must enable enrollees to have the information included in the prescriber RTBT system which includes accurate, timely, and clinically appropriate patient-specific real-time formulary and benefit information (including cost, formulary alternatives and utilization management requirements.)”

States have adopted similar requirements for their citizens which expands the cost-transparency mandate to commercially-insured patients. In California, for example, CA AB-2352 mandates that payers provide patients with “cost-sharing information for the prescription drug and other formulary alternatives.”

This legislation was passed by the California legislature and went into effect on July 1.

These regulations represent an important first step in empowering patients to pursue cost-effective medications. In practice, however, both have significant limitations. For example, neither requires payers to disclose the total cost of drugs net of rebates. A patient with a deductible may well pay the entire cost of the drug—not just a copay—when the deductible resets.

More importantly, while both regulations require the delivery of drug alternatives, neither defines ‘alternatives’ nor sets minimum thresholds for the identification and delivery of alternatives. This leaves open the real possibility that patients will see no more frequent alternatives than providers are seeing via RTPB in EHRs (i.e., <5% of the time). Absent the delivery of lower-cost alternatives, drug cost transparency may deliver little in savings no matter the recipient.

Hopefully, these regulations will be updated to require minimum levels of alternative delivery as well as delivery of the full cost of drugs. In the meantime, payers can rise above the regulated minimums to deliver more complete and actionable data to providers and members.

With the pain of rising prescription drug costs now felt by consumers, providers, employers and payers, each has a role to play in optimizing drug cost transparency. Consumers should demand robust drug cost transparency tools be provided by Medicare or their health plan.

This should include copay information, total drug costs and broad access to information on lower-cost alternatives all accessible via member portals, mobile apps and member services. Similarly, providers should be aware of the new patient access to prescription drug cost information and insist that robust cost and alternative information be available in their workflows to empower collaboration with their patients to drive cost-effective medication therapy. A recent JAMA-published study documented that 90% of patients want their doctors to see drug costs at prescribing.

Employers and payers have the dual role of funding prescription drug costs and acting as fiduciaries on behalf of their employees and members. Employers, in particular, have the market clout to impact the quality of drug cost transparency services and resultant savings.

While executives including benefits leadership, may not be knowledgeable of clinical matters, cost transparency is the basis for any competitive marketplace and should be mandated by these buyers of healthcare insurance and services. Payers, however, are in the driver's seat as they are charged with complying with state and federal regulations, selling to employers and providing services and coverage to members.

Payers may elect to provide services simply to comply with state and federal regulations. This approach has typically led to the abdication of decision-making to the payer's PBM with results consistent with the minimal services and the rare delivery of lower-cost alternatives in RTPB as discussed above.

Some payers, led by Blue Shield of California, have taken a more proactive approach to drug cost transparency services for members. For example, rather than requiring members to input their drugs for pricing, Blue Shield of California assembles a complete list of current prescription drugs taken by the member and creates a secure, patient-specific report that includes member out-of-pocket costs and a market-leading alternative delivery frequency over five times the documented average of other payers.

Their goal is to go beyond compliance to improve member experiences and satisfaction, support Medicare Star ratings, achieve a competitive market position and empower members to collaborate with their providers to pursue cost-effective care.

This is the final article in the four-part Cracking the Code on Drug Cost Savings Through Transparency series. Overall take-home messages include:

1. Showing costs to providers at the point of prescribing new medications in EHRs (RTPB) is a solid start, however:
    1. Delivering lower-cost therapeutic equivalent alternative drugs is the key to savings. Rare alternatives = rare savings. Lower-cost alternatives should be provided >20% of the time. Typical PBM out-of-the-box RTPB offerings fall short.
    2. Payers should also focus on other points of patient care and communication to deliver drug cost savings opportunities for existing medications both within the EHR and in other provider workflows.
2. Pharmacists working with prescribers, payers and medication management firms are key providers who can often best leverage drug cost transparency to drive savings.
3. Providers should understand the importance of drug cost transparency for their patients, adopt and use these services in their workflows. As documented in a recent JAMA-published study, patient demand for drug cost transparency services and related discussions with their providers is overwhelming.

4. Drug cost transparency services for consumers/members are now required by CMS and a growing number of states. Payers should go beyond simple regulatory compliance and use these services to drive member satisfaction, enhanced Star Ratings and savings.
5. Payers' savings from drug cost transparency must be identified in payer claims using mature, proven logic that ties delivery of costs and alternatives to downstream pharmacy claims.
6. Payers should achieve tens of millions in savings per one million covered lives, documented in their claims files, with high ROI using a robust suite of drug cost transparency services.

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