



# Labor/Management Healthcare Coalition of the Upper Midwest

September 14, 2009

Doug Rubbelke  
Executive Director  
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Suite 119  
Roseville, MN. 55113

Re: **Pharmaceutical Industry Copayment Programs**

Dear Labor/Management Healthcare Coalition Funds,

I am contacting you to bring awareness of an expanding trend in the prescription drug benefits environment. The pharmaceutical industry holds significant influence on the specific medications that our fund members utilize and the products selected by the prescribers themselves. The primary objective of pharmaceutical industry is to promote increased use of their products, regardless of cost, and especially when a specific product is under threat by generic alternatives or due to upcoming patent loss.

Recently, we are witnessing a tactic by this industry which presents a challenging situation for the funds. The programs, which are targeted directly to consumers, offer copayment "coverage" for the manufacturer's product. The programs behave as if they are a secondary benefit on certain prescription drugs, which make these specific drugs favorable to individual members from a copayment perspective. However these products consistently remain more expensive to the fund itself compared to therapeutically equivalent generic alternatives.

Example for similar products to treat a common condition (i.e high cholesterol)

	Normal Copay	Industry "Benefit"	New Copay	Rx Price	Fund Payment
Brand X	\$20.00	(\$20.00)	\$0.00	\$75.00	\$55.00
Generic Y	\$5.00	\$0.00	\$5.00	\$20.00	\$15.00


Reviewing the above example demonstrates the competing interests of these programs. The individual member experiences a copayment of \$0.00, which incents their behavior to ask for the specific drug product. However, the fund does not experience any price relief by these programs and it remains incented to see the generic alternative utilized.

Please use this information as you deem appropriate for your fund specifically. Your membership needs to understand that these programs are "too good to be true", and ultimately it is the entire fund that is harmed by the industry tactic.

If you have specific questions regarding this topic, please contact the LMHCC's pharmacy consultant, Evergreen Rx. Craig and DeeDee can be reached at (952) 345-0503.

In closing, if you have any additional questions or concerns please feel free to contact the Coalition office directly at (651)379-2405.

Sincerely,

  
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