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## When given the chance, will patients choose cheaper prescription drugs?

August 26, 2017

By Tracey Walker

### Reference pricing results

Reference pricing is a response to the wide and unjustified variability in prices charged for similar drugs (and other medical services), according to Robinson.

“Under reference pricing, the employer or insurer sets a maximum payment it will contribute towards the price of drugs within each therapeutic class, pegging that level to the lowest or one of the lowest charged within the class,” he explains. “Patients who select the low-priced ‘reference’ drug pay only a modest \$10 copay per prescription—rather than high copayments or coinsurance often found in tiered drug formularies.”

However, if the patient continues to prefer a more expensive drug, he or she must pay the full difference, according to Robinson. “If the patient’s doctor believes the patient needs to expensive drug for a clinical reason, the extra cost sharing is waived—the patient is exempted from reference pricing,” he says.

“For self-funded plan sponsors or purchasers, prescription drug reference pricing is a strategy that can measurably lower the non-specialty drug spend and stabilize the overall rating trend,” says Henka. RxTE identifies drugs within a specific medication group that are therapeutic equivalents and clinically interchangeable.

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Therapeutic substitutions are based on therapeutic equivalence and can only be made when the doctor (and patient) agrees to make the switch. RxTE's prescription reference pricing leverages the importance of doctor/ patient relationship to facilitate an informed and medically directed choice. Reference pricing isn't new, many European nations use reference pricing as a method to mitigate increases in pharmaceutical spending.

Based on this study, Robinson has three takeaways:

1. Consider reference pricing as a supplement or alternative to the traditional tiered formulary approach to managing drug choice and cost.
2. Unlink the consumer's cost sharing (e.g. deductible) from the list price of the drug, when the PBM and insurer (but not the patient) receive negotiated price rebates. "A consumer and regulatory backlash is coming," Robinson says.
3. Don't just expose patients to 'naked' high-deductible designs. "Offer them easy to identify low-priced options—help them save money—while making them responsible for the extra costs if they continue to select the more expensive options," Robinson says.



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Tracey Walker

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