



High Out-of-Pocket Costs

A POSITION STATEMENT
from the Alliance for Patient Access

OVERVIEW

Patients pay premiums for their health insurance coverage but also have to bear other costs when they use that insurance. The additional costs patients pay for their medical services and prescription drugs break down into three broad categories.

There are annual deductibles, which are the initial amount patients pay for services and medication before their insurance company assumes the level of coverage laid out in their health plan. There are co-pays, which are the fixed amount patients pay for each service or drug. And some patients also have co-insurance, which is a percentage of care or prescription costs they pay after having met their annual deductible. These amounts differ from plan to plan, and percentages can change based on a drug's cost, making patients' expenses hard to predict.

Out-of-pocket costs can add up, making treatment inaccessible for patients taking multiple medications or those living on a modest income. If costs are too high, patients are unable to adhere to their treatment plan, introducing further costs as uncontrolled conditions lead to emergency care or additional physician visits.

POSITION

The Alliance for Patient Access presents the following principles for out-of-pocket costs and the laws that govern them:

1

Patients need predictable out-of-pocket limits that keep spending manageable.

Patients carefully select their insurance plan, and they expect predictability from it. Out-of-pocket caps allow patients to know their maximum out-of-pocket financial liability. Caps also make health care and medication more affordable and accessible for patients.

2

Co-pay only insurance options provide patients with predictable cost sharing.

Patients should be able to obtain an insurance option that requires only co-pays as a way to increase out-of-pocket predictability. Unlike co-insurance, which asks patients to pay an unpredictable percentage of their medication's cost, set amounts allow patients to know their cost sharing based on which tier their medication is on – regardless of fluctuation in the drug's cost.

With these safeguards in place, policymakers can make certain that high out-of-pocket costs do not harm patients.