

# ASSESSING THE IMPLICATIONS of Financial Requirements on a Commercial Copay Assistance Program

## Situation

- A medium-sized pharmaceutical company was **launching a new oral drug** in the diabetes space
- The company wanted to understand how **having Federal Poverty Level (FPL) criteria** for their commercial copay program would **affect patient enrollment and costs**
- The company wanted to be competitive in this space but had **concerns about the costs** of operating a program



## Approach

Magnolia Market Access:

- Conducted **competitive copay program benchmarking** to assess competitor criteria
- **Assessed the payer mix** for diabetes and competitors, including **copay program usage** in the pharmacy setting
- **Identified average patient cost-sharing**, using secondary sources and claims data
- Partnered with company to **test specific scenarios** and obtain other data inputs



## Outcomes

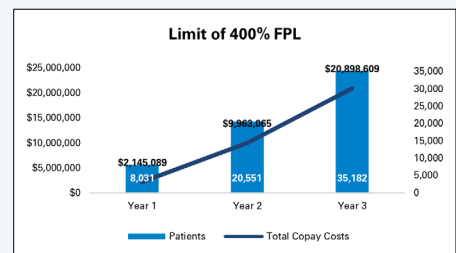
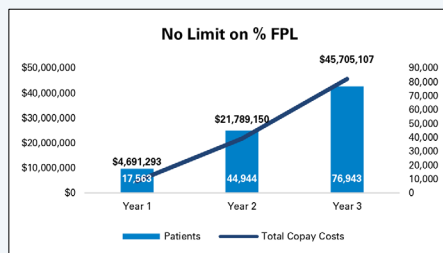
Raising the FPL criteria from no limit to 400% of the FPL resulted in the following:

- **Reduction in copay support costs** of about \$39.2M over 3 years
- About 54% **fewer commercial patients** would be eligible for assistance
- Program **administration costs** would be reduced by less than \$3.8M

Example Results for a Commercial Copay Program:  
Oral Type 2 Diabetes Product Taken Daily

Key Parameters:  
 + \$10 Copay per Treatment  
 \$2,100 Maximum Benefit per Year  
 No Limit on % FPL  
 \$50 Program Administration Cost per Patient

Copay Program	Year 1	Year 2	Year 3	Total
Patients	17,563	44,944	76,943	76,943
% of Commercial Patients	29%	29%	29%	29%
% of All Patients	6%	6%	6%	6%
Copay per Patient	\$267	\$485	\$594	\$518
Total Copay Costs	\$4,691,293	\$21,789,150	\$45,705,107	\$72,185,551
Program Administration Costs	\$878,143	\$2,247,206	\$3,847,148	\$6,972,497
Grand Total Cost	\$5,569,436	\$24,036,356	\$49,552,256	\$79,158,048



Example has been blinded