

# ALTERNATIVE FUNDING PROGRAMS: A POTENTIAL RISK TO PATIENTS AND THE FUTURE OF PATIENT ASSISTANCE

## ABOUT ALTERNATIVE FUNDING PROGRAMS<sup>1-4</sup>

Alternative funding programs, which are sometimes called specialty drug cost containment models, claim to significantly reduce costs among employers and patients. However, they may harm patient outcomes, cause delays in patient care and divert patient assistance funds from those in need.

## AN EXAMPLE OF HOW THEY WORK<sup>1-5</sup>

Alternative funding programs target specialty drug spending using mechanisms that circumvent traditional health plan design methods and exploit manufacturer assistance programs.



A specialty claim carve-out/exclusion is put into place, removing certain products from the health plan's formulary.



The patient receives a denied claim and is rendered uninsured.



When an alternative funding program is involved, the patient assistance process could take weeks or even months. During this time, the patient will not get their medicine. Getting approved for assistance is not guaranteed, so they might not get their medicine at all.



These programs undermine the intent of patient assistance programs, which is to help patients who are facing affordability issues access their medicines. Instead, they divert assistance away from patients in need and toward patients who believe they are fully insured.

# ALTERNATIVE FUNDING PROGRAMS MAY POSE CONSIDERABLE RISKS TO PATIENTS AND THE HEALTH CARE SYSTEM

Although these programs may offer a compelling cost-saving story, they may pose significant risks to individual patient access, population-wide health equity and the health care system at large. The next few pages outline some particular areas of concern.



## **Alternative funding programs may interfere with patients receiving timely treatment and clinical decision-making.**

- Delays in care or nonmedical switching could lead to disease progression or decline in health status<sup>6,7</sup>
- Patients with complex health needs may not have access to the right level of specialty support<sup>8</sup>
- Care management becomes complicated, often leading to disjointed care and potential negative health outcomes<sup>8</sup>
- Treatment choice could be affected by availability of funding<sup>5</sup>
- Potential safety risks if third-party vendors are sourcing prescriptions from unlicensed overseas pharmacies<sup>5</sup>



## **Patients may be burdened with undue stress when working through the alternative funding program process.**

- Significant confusion about coverage and benefits<sup>8</sup>
- Stress of going through a coverage denial and worry about whether they will receive their prescribed treatment<sup>6</sup>
- Burden of discussing financial and clinical situations with a third-party vendor<sup>6</sup>



## **Alternative funding programs may undermine health equity efforts by using funds and services earmarked for underserved patients.**

- Current funding sources are often limited and may not have the capacity to fulfill the increased demand by patients who are fully insured<sup>6</sup>
- Funding sources may close if they become overburdened<sup>6</sup>
- Insurer coverage money is diverted from product reimbursement for patients to third-party alternative funding vendors<sup>5</sup>

# ALTERNATIVE FUNDING PROGRAMS MAY POSE CONSIDERABLE RISKS TO PATIENTS AND THE HEALTH CARE SYSTEM (CONT)



## Use of third-party alternative funding vendors may add complexity and risk to the patient access process.

- Patient privacy may be at risk due to inappropriate handling of protected health information<sup>9</sup>
- Patients, providers and plan sponsors may face increased administrative burden due to complex program designs<sup>8</sup>
- Plans using alternative funding programs may be in conflict with proposed federal guidance against discrimination in health care programs, as they target medicines used by patients to treat serious, often disabling health conditions<sup>10</sup>



## Alternative funding program cost projections may hide certain costs and may pose compliance risks to employers.<sup>11</sup>

- Cost projections often do not account for rebates, the plan’s unique member income mix compared to patient assistance eligibility and administrator fees
- Implementing alternative funding plans may increase compliance risks, including income discrimination, tax implications, Health Insurance Portability and Accountability Act (HIPAA) compliance and fiduciary responsibility
- Employers may lose stop-loss coverage for high-cost claims due to participation in an alternative funding program

### According to a Genentech-sponsored survey<sup>12\*</sup>:

**2+ MONTHS**

Patients waited an average of **2 months** and up to **16.8 months** for their medicines

**24%**

of patients reported **worsening of their condition** due to waiting for their medicine

**21%**

of patients **did not receive** their prescribed medicine

**88%**

of patients **were stressed** about their medication denial and being unsure about whether they would receive their medicine

**29%**

**considered leaving their jobs** because of their insurance coverage



Scan or click the QR code to see more survey results.

# GENENTECH'S PHILOSOPHY ON PATIENT ASSISTANCE PROGRAMS

**Serious illnesses can come with many challenges. Getting Genentech medicines shouldn't be one of them.**

Genentech is dedicated to continued support for patients and practices. We believe that every patient who is prescribed a Genentech medicine should get the treatment they need.

**Over the past 27 years, Genentech has helped over 3.3 million eligible patients access their Genentech medicines.**



In 2023, the Genentech Patient Foundation provided over 51,000 eligible patients with free Genentech medicine.



Over 270,000 insured patients who can't afford their Genentech medicines apply for Genentech co-pay programs each year.

## WE ARE COMMITTED TO ENSURING PATIENT ACCESS TO GENENTECH MEDICINES

Genentech is monitoring the actions of vendors and employers offering alternative funding programs to better understand their implications on patient access. We remain committed to helping patients access our medicines, regardless of their ability to pay, and **we will continue to advance our programs to ensure they benefit the patients who truly need them.**



If a patient is concerned about paying for their Genentech medicines, please visit **Genentech-Access.com** or contact the Genentech Patient Resource Center at **(877) GENENTECH/(877) 436-3683**.

**References:** 1. Pharmaceutical Strategies Group. 2022 trends in specialty drug benefits report. March 2022. Accessed August 15, 2024. <https://www.psgconsults.com/industry-report/2022-trends-in-specialty-drug-benefits-report/> 2. Melvin M. MagellanRx Management. Specialty drug alternative funding solutions. Accessed August 15, 2024. [https://spbatpa.org/sites/default/files/spba\\_specialty-alternative-funding-solutions\\_0620-1.pdf](https://spbatpa.org/sites/default/files/spba_specialty-alternative-funding-solutions_0620-1.pdf) 3. SHARx. Introducing the SHARx program. Accessed August 15, 2024. <https://www.waukeshacounty.gov/globalassets/administration/human-resources/benefits/intro-letter.pdf> 4. Vancouver Firefighters Union Health & Welfare Trust. Payer Matrix. Accessed August 15, 2024. <http://www.vanfiretrust.org/payer-matrix.html> 5. Fein AJ. The shady business of specialty carve-outs, a.k.a., Alternative Funding Programs. Drug Channels. Published August 2, 2022. Accessed August 15, 2024. <https://www.drugchannels.net/2022/08/the-shady-business-of-specialty-carve.html> 6. Holcombe D. Patients in financial tug of war under PBM alternate funding programs. *Onc Pract Manag*. 2021;11(12). Accessed August 15, 2024. <https://oncpracticemanagement.com/issues/2021/december-2021-vol-11-no-12/2497-patients-in-financial-tug-of-war-under-pbm-alternate-funding-programs> 7. MHE Staff. The rise in formulary exclusions. *Manag Healthcare Exec*. 2021;31(5). Accessed August 15, 2024. <https://www.managedhealthcareexecutive.com/view/the-rise-in-formulary-exclusions> 8. Fredell J. Multiple specialty vendors mean more headaches. Fierce Healthcare. Published June 20, 2022. Accessed August 15, 2024. <https://www.fiercehealthcare.com/sponsored/multiple-specialty-vendors-mean-more-headaches> 9. Hawes B, Jorbin C. Flood of specialty drugs puts new pressure on pharmacy benefits. TLNT. Published April 8, 2022. Accessed August 15, 2024. <https://www.tlnt.com/flood-of-specialty-drugs-puts-new-pressure-on-pharmacy-benefits/> 10. Centers for Medicare & Medicaid Services. Nondiscrimination in health programs and activities. Published August 4, 2022. Accessed August 15, 2024. <https://www.federalregister.gov/documents/2022/08/04/2022-16217/nondiscrimination-in-health-programs-and-activities> 11. Shelton J, Niakan K, McBride K, Milliman. Pharmacy benefit alternative funding programs: key considerations for self-funded plan sponsors. Published April 26, 2024. Accessed July 8, 2024. [https://www.milliman.com/-/media/milliman/pdfs/2024-articles/4-26-24\\_alternative-funding-whitepaper\\_final\\_04262024.ashx](https://www.milliman.com/-/media/milliman/pdfs/2024-articles/4-26-24_alternative-funding-whitepaper_final_04262024.ashx) 12. Wong WB, Yermilov I, Daglish H, et al. A descriptive survey of patient experiences and access to specialty medicines with alternative funding programs. *J Manag Care Spec Pharm*. 2024;30(11):1308-316. Accessed November 8, 2024. <https://doi.org/10.18553/jmcp.2024.30.11.1308>