



## Amazon RxPass: What's in it for self-insured plan sponsor?

Amazon Pharmacy recently launched RxPass last week, a generic drug prescription subscription plan which would provide access to ~53 generic prescription drugs for ~21 common or chronic conditions.

Amazon's Rx subscription plan has received a ton of media and marketing coverage; this article is to evaluate RxPass and similar generic drug discount programs from a self-insured prescription benefit plan sponsor's perspective.

### **Generic drug utilization in United States**

Generic drugs account for around 91% of all prescriptions dispensed in United States as of 2022 versus just 50% back in 2005. Generics referred here are unbranded generics developed by multiple manufacturers.

The FDA's enhanced focus on bringing generic drugs faster to the market coupled by increased awareness and education about the safety and effectiveness of generic drugs has led to a shift towards their use among patients and healthcare providers.

The expiration of patents on brand-name drugs has led to an increase in the availability of generic alternatives, making them more accessible and affordable for patients.

The past decade has also seen a host of low-cost retail prescription-drug programs and discount card programs enabling access to generic drugs across uninsured or underinsured patients; here comes Amazon's RxPass.

## Discount card programs vs low-cost retail generic drug pricing program vs prescription drug savings program: Are they different?

Let's dive into it.

Walmart introduced \$4 generic #druglist back in 2006, a program that offers select generic prescription drugs at a low cost of \$4 per month for a 30-day supply or \$10 for a 90-day supply.

Following suite, over the years almost all retail pharmacy chains have a version of that program including Target, Walgreens, Kroger, and CVS Caremark.

In summary, each of these programs include a list of generic drugs that could be offered at flat rate per script for 30-day supply and 90-day supply without insurance.

Amazon's RxPass offers a \$5 subscription plan (\$60 per year) to a list of select generic drugs managed by Amazon Pharmacy. It requires the consumer to have Amazon Prime membership (\$139 per year) which brings the total cost of RxPass program to \$199 per year or \$16.58 per member per month.

GoodRx is another program that provides discounts on prescription drugs at participating pharmacies by using a coupon. Their paid membership plan, GoodRx Gold, runs at \$9.99 per member per month, claiming access to over 1,000 popular prescriptions under \$10 with the GoodRx Gold Card.

### Here is a list of similar discount-card programs:

#### Retail generic drug pricing program providers:

- **Walmart's \$4 generic list:** \$4 per month for a 30-day supply or \$10 for a 90-day supply.
- **Target's \$4 generic list:** \$4 per month for a 30-day supply or \$10 for a 90-day supply.
- **Kroger's generic drug program:** \$3 per month for a 30-day supply or \$9 for a 90-day supply.
- **Walgreens' generic drug program:** \$9 for a 30-day supply.
- **CVS Caremark's generic drug program:** \$9.99 for a 30-day supply or \$15 for a 90-day supply.

#### Prescription drug savings program/ discount card programs:

- **GoodRx:** provides discounts on prescription drugs at participating pharmacies by using a GoodRx coupon.
- **SingleCare:** provides discounts on prescription drugs at participating pharmacies by using a SingleCare card.
- **Amazon RxPass:** subscription plan provides discounted prescription generic drugs to Amazon Prime members.
- **Blink Health:** provides discounts on prescription drugs at participating pharmacies by using a Blink Health coupon.
- **Optum Perks:** provides discounts on prescription drugs at participating pharmacies by using an Optum Perks coupon.

## Value for self-insured plan sponsor or another ‘me too’ out of pocket cost driver?

With every new prescription cost-saving program that hits the prescription drug industry, third-party administrators, brokers, and pharmacy benefit managers alike get questions on the value and potential cost-savings opportunity from their self-insured clients.

### How does the cost of generics covered under my plan compare to these prescription drug discount solutions?

There are nuances to each drug-saving program covered above, pricing and accessibility may vary based on where you are located. None of the programs provide access to all generic prescription drugs available in the market. Generic drug saving programs are alike as majority of the referenced programs do not require insurance and hence patients find themselves paying out-of-pocket for it.

Medication adherence is critical for chronic disease conditions for which generic alternatives are available through these programs. Does it mean they are worth recommending to your self-insured prescription benefit plan sponsor?

#### Let's dive-in further.

Self-funded prescription drug plans allow companies to assume the financial risk of their employees' prescription drug costs, which gives them more control over the design and management of the plan as opposed to a fully-funded plan where 100% of premium is paid upfront to the insurance company. This can potentially lead to higher cost savings as companies can tailor their plan to the specific needs of their workforce and negotiate directly with pharmaceutical manufacturers and #pharmacybenefitmanagers (PBMs) for better prices.

#### Key points to consider:

- Evaluating the employers prescription claims data is essential and a key first step in determining how much are they currently paying for “me-too” generic drugs on a per member per month basis.
- How are “me-too” generics positioned on your client's summary plan document? Is the copay design recommended to incentivize appropriate use of generic drugs for chronic medications?
- Expert evaluation of your PBM contract can help you strategically determine if your PBM is offering you competitive pricing on generic drugs for your members. While generics make up under 20% of total prescription drug spend, their positioning on the PBM's contract can have a considerable impact on your self-insured plan sponsor's savings goal.

## Parting thought:

As new prescription drugs keep flooding the pharmacy shelves and with non-healthcare players entering the prescription drug industry, I believe we will continue to see influx of new programs and third-party cost-saving solutions in the future. It is inevitable to look at your prescription drug benefit plan to ensure your self-insured plan sponsor is meeting their cost-saving goals, every plan-sponsor's need is different.

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### About the Author





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Harsh brings his collective experience in managed care, insurance, pharmaceutical, PBM, and health start-up industries to deliver robust cost-containment solutions for self-insured plan sponsors. Over the course of his career, Harsh has focused on developing solutions to lower cost for brokers, and clients supporting self-insured plan.



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