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# Prescription Discount Cards: What Pharmacists Need to Know

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The cost of prescription drugs is an increasing concern for patients. While there are continuous discussions regarding the best strategies to reduce the burden of medical costs, one potential solution was created by pharmacy discount card companies. A popular example, GoodRx, was founded in 2011,<sup>1</sup> and it is becoming increasingly popular with consumers. In the third quarter of 2020, GoodRx reported 4.9 million active users.<sup>2</sup> These cards are designed to lower the out-of-pocket costs of prescription drugs for consumers. Typically, an advertisement for a discount card depicts the patient simply showing the pharmacist their smartphone screen, with the lowest drug price to be applied to the prescription. However, the process is often much more complicated. For example, discount cards may disrupt the profits and workflow of the pharmacy, and they may not lower patient costs enough. Therefore, it is important to understand how pharmacy discount services work and their effects on both the patient and the pharmacy.

## The Business Model of Private Pharmacy Discount Cards

The simple business model of private pharmacy discount card companies is to reduce the out-of-pocket price for the patient when they purchase medications. Patients typically access these services by visiting a website, which provides coupons for medications that can be saved or printed. There are also physical coupons that can be mailed, provided at health care facilities, or found in advertisements.<sup>3-7</sup> To activate the discount, the pharmacist runs the card, similar to an insurance card. The card information includes an identification, prescription group, bank

### Abstract

The use of prescription discount cards is becoming popular as patients are concerned with rising drug costs. The benefits of these cards are widely advertised, and many patients use them to reduce out-of-pocket costs. Some aspects of the cards are not commonly known, such as the effects on pharmacy reimbursement and workflow; whether the cards can be combined with insurance; or what patient data are required to use them. It is important for pharmacists to be informed about the cards when recommending them to patients as the use of prescription discount cards continues to grow.

identification number (BIN), and processor control number (PCN) (Source Pharmacist at Hometown Pharmacy, phone call, December 18, 2020).

Patient-facing prices for medications are set in a few different ways. Some companies, such as GoodRx, are independent

organizations that partner with multiple pharmaceutical benefit managers (PBMs) to display a price based on PBM data. They can also show prices based on manufacturer coupon cards and health savings companies.<sup>8</sup> Other discount companies are PBMs that negotiate prices directly with

**FIGURE 1.** Summary of How a Discount Card Company Makes a Profit<sup>9</sup>



**FIGURE 2. Pros and Cons of Discount Card Companies<sup>34</sup>**

PROS	CONS
<ul style="list-style-type: none"><li>• SAVE PATIENTS MONEY ON PRESCRIPTIONS</li><li>• IMPROVE PATIENT EXPERIENCES WITH THE HEALTH CARE SYSTEM</li><li>• ARE ACCEPTED AT MOST MAJOR PHARMACY CHAINS (I.E. WALGREENS, CVS, KROGER, MEIJER, ETC.)</li></ul>	<ul style="list-style-type: none"><li>• PRICES ARE NOT STATIC</li><li>• CARDS CANNOT BE PAIRED WITH INSURANCE, MEDICARE, OR MEDICAID</li><li>• THE DISPLAYED COPAY IS NOT ALWAYS THE LOWEST AVAILABLE PRICE</li><li>• ARE NOT ALWAYS ACCEPTED AT HOSPITALS OR INDEPENDENT PHARMACIES</li><li>• PATIENTS WHO USE THE DISCOUNT CARDS MAY NOT BE ABLE TO MEET THEIR INSURANCE DEDUCTIBLE, RESULTING IN HIGHER COSTS IN THE LONG-RUN</li></ul>

pharmacies they are contracted with, such as SingleCare or Optum Perks.<sup>9,10</sup>

Generally, these discount card companies advertise themselves as free services. If this is true, how do they make money? There are three main strategies used for creating revenue: offering special services to patients; charging transaction or referral fees; and third-party advertising. We found several examples of the first strategy. GoodRx has a program called GoodRx Gold where members pay a monthly rate of \$5.99 for a single person. This program claims to offer larger discounts up to 90% on prescriptions; prescription purchase tracking; and an option to request prescription transfers to participating pharmacies on the GoodRx Gold website.<sup>11,12</sup> SingleCare has a similar program, offering higher discounts on prices and bonus savings earned through every prescription purchase.<sup>9</sup> Another company is BlinkHealth, which acts as both a discount card company and a pharmacy. Their program, Blink Pharmacy Plus, is a mail-order pharmacy that delivers prescriptions and offers discounted prices.<sup>13</sup> (Many discount card companies also offer services like telehealth visits and laboratory testing.)<sup>14-16</sup>

The second revenue-generating strategy is prescription transaction fees, which the pharmacy pays whenever a discount card is applied to prescriptions. According to 2020 third-quarter data from GoodRx, these fees

accounted for \$124.4 million of revenue, of the company's \$140.5 million of total revenue.<sup>2,17</sup> Many users aren't aware of the fee.

Discount card companies also generate revenue via third-party advertisements on websites and apps.<sup>18</sup> The next section of this article discusses how discount card companies collect and use patient data.

## The Security and Use of Patient Data

The security of patient data is an important concern in healthcare, especially since many parties, like doctors, pharmacies, and insurance have access to it through the healthcare system. Discount card companies are no exception. Some companies, like Optum Perks and BlinkHealth, are Health Information Portability and Accountability Act (HIPAA) covered entities and must comply with its regulations. However, some of the more popular discount companies, like GoodRx and SingleCare, aren't HIPAA-covered.<sup>20,21</sup> Instead, they comply with the Business Associate Obligations under HIPAA, since they handle patient data to help HIPAA-covered entities carry out their functions. This means that the HIPAA Privacy Rule does not apply to them, but they need to draw up contracts with covered entities that will prevent improper use of the data.<sup>22</sup> The companies receive prescription

data whenever a patient uses a discount card in the pharmacy. If a customer signs up for an account with a discount company, the company will have access to more patient data, as well as a list of the medications purchased. Most membership programs require the patient's name, date of birth, address, phone number, and credit card number. Other data can be collected through personal use of the companies' apps or websites, including website traffic, demographics information, IP address, the device's location, and cookies. Non-identifiable patient information can be used for marketing and advertising purposes or for statistical analysis. It might also be used by third-party companies for similar purposes.<sup>23-26</sup> Despite the limitations on discount card companies by business associate contracts, the safety of patient data is still a concern. In February 2020, Consumer Reports published an article discussing some of the ways patient data was used by GoodRx. Researchers discovered that Facebook, Google, and Braze received the names of medications users were researching, along with other information that could be directly linked to the patient.<sup>27</sup> Since the article was published, GoodRx published a statement addressing the concerns and implemented changes to further protect patient data.<sup>21</sup> However, this story raises questions about how discount card companies handle private data and how users can be guaranteed the privacy of their data.

## A Pharmacist's Perspective of Discount Cards

To gain an in-depth understanding of the impacts of discount cards in the pharmacy, we interviewed two pharmacists. One was a manager of outpatient pharmacies within a healthcare system. The other was a pharmacy manager at a retail pharmacy chain. Both pharmacists wished to remain anonymous; we've summarized their comments here.

Whenever a discount card is processed at a pharmacy, a referral fee is charged. The logic behind the fee is that the pharmacy should reimburse the discount card company for directing the customer to the pharmacy (i.e., without the discount card, the patient might not have visited the pharmacy). These fees can have a large

impact on pharmacy profits. Fees can leave the pharmacy with a marginal profit, or even a loss, on the prescription. In fact, the discount card price might not be the best deal available for the patient, so both the patient and the pharmacy are losing on the transaction. Historically, gag clauses had prevented pharmacists from telling patients that a cash price for a prescription would be cheaper without insurance, and this also applied to discount cards, since many are owned by PBMs. Since national legislation passed in 2018 no longer allows gag clauses to restrict pharmacists, they can now tell patients that a prescription might be cheaper without the coupon.<sup>28,29</sup>

Lots of patient data is exchanged when a coupon is used.<sup>30</sup> The cards are processed like insurance, so all the information about the prescription is transmitted to PBMs and the discount card companies. Additional data is collected through the use of the websites and apps. There is information about what data is collected in most companies' privacy policies, but patients may not take the time to read through them. The information about the prescriber can also be used by the companies. A prescriber might recommend discount cards to patients, to try to help those who have trouble affording medication, without fully understanding the process. If the companies see that a prescriber is often directing patients to use discount cards, they can then make those providers the targets of more advertising.<sup>28,30</sup>

Using the cards is also frustrating for the pharmacy because of the disruptions it causes to the workflow. When a patient comes into the pharmacy with a discount card, the insurance claim on the prescription needs to be reversed and run again with the coupon card.<sup>28</sup> A 2020 study in the *Journal of Managed Care and Specialty Pharmacy* found that pharmacies spend an average of 75 minutes per day processing card claims.<sup>31</sup> This lost time slows down every person at the pharmacy, including patients, and the process takes much longer than what is depicted in commercials.

## Advantages and Disadvantages for Patients

Despite the concerns, discount cards have some upsides for patients. They can be good resources for patients who are looking

to save money on their prescriptions, are having trouble affording them, or are uninsured. It can improve patients' experiences with the healthcare system, especially since most of the cards are free. The idea of discount cards is sound, but in practice, their value is overstated.

There are downsides to the cards, too. Drug prices via the cards are not static, and the cards cannot be paired with insurance, Medicare, or Medicaid. Most of Wisconsin's patient population is under-insured, rather than uninsured.<sup>30</sup> For those patients, using discount cards and coupons might mean they don't meet their insurance deductible, leading to higher costs in the long run. Also, the displayed copay is not always the lowest price available. The companies often advertise their coupons with savings up to 80% on prescriptions, but there are many prices that do not receive such high savings.<sup>28</sup> The patient may also be unhappy if the price of the prescription changes from month to month.

There are also limits on where the cards can be used. They are typically accepted at major pharmacy chains that the companies are contracted with (including CVS, Walgreens, Meijer, or Kroger).<sup>32,33</sup> For patients, the lowest coupon price might not always be available at their usual pharmacy; or, they might miss out on valuable pharmacy services elsewhere if they are committed to following the lowest price. And in rural or underserved areas, there might be limited or no access to the pharmacy chains that accept discount cards.

How can these downsides be mitigated? Solutions might include providing discount cards directly through the pharmacy, or matching the coupon price with cash. Pharmacies' own discount cards could offer similar prices to the large discount companies, while eliminating the need for third-party communication and info-sharing. They would also eliminate the dispensing fee, resulting in more revenue for the pharmacy while still helping patients.<sup>28</sup>

## Conclusion

With the goal of lowering prescription drug costs for consumers, pharmacy discount card companies base their business model on offering special services, charging transaction or referral fees, and third-party advertising. These companies may have access to a wide variety of patient data,

including the patient's name, birth date, address, credit card number, and location. Additionally, not all companies are required to follow the HIPAA Privacy Rule, which could raise further questions about the management of patient data and privacy. Discount cards have a big impact on pharmacies, too, including the pharmacy's requirement to reimburse the discount card company, potentially leading to a monetary loss from the prescription sale for the pharmacy. It is also important to note that drug discount card prices can fluctuate, and they cannot be combined with insurance for an additional cost benefit. Furthermore, the use of a discount card may also disrupt the typical pharmacy workflow. This is one reason some pharmacies choose not to accept discount cards. Regardless, there are potential advantages for patients, including cost savings, particularly for those that are uninsured, and improved patient healthcare experiences. Patients and providers have a wide range of opinions on the value of discount cards.

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**PR** This article has been peer-reviewed. The contribution in reviewing is greatly appreciated!

*Acknowledgements: We would like to thank the pharmacists who took the time to be interviewed and to share their knowledge with us. They have been valuable resource to the article and their contribution is greatly appreciated.*

*Disclosure: The author(s) declare no real or potential conflicts or financial interest in any product or service mentioned in the manuscript, including grants, equipment, medications, employment, gifts, and honoraria.*

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