

## Free Birth Control from the Third-Party Trap

Jeffrey A. Singer

September 1, 2017

According to some reports, the Trump administration could be about to relax the Affordable Care Act requirement that employer-provided health insurance cover birth control pills at no direct cost to the patient. Some advocacy groups, such as the American Congress of Obstetricians and Gynecologists, fear this will mean many women won't be able to obtain affordable oral contraceptives.

ACOG seems to be in the middle of a contradiction. The esteemed specialty organization continues to urge — as it has for decades — the Food and Drug Administration to make oral contraceptives available over the counter, as 102 countries already permit. But health insurance plans usually only cover prescription drugs, so making oral contraceptives available over the counter means that women would purchase them directly, like they buy aspirin, ibuprofen or antacids.

Of the two positions it espouses, the ACOG is right to urge the switch to OTC — for more than reasons of good medicine.

Currently the average cash price of prescription birth control pills runs from \$20 to \$50 per month, but may sometimes range as low \$9 per month. Planned Parenthood and various community health centers across the United States provide free birth control pills for those unable to afford them. A switch in drug status from prescription to OTC is likely to bring prices down further.

As is the case with doctor, hospital and lab bills, the presence of a third-party payer results in higher prices for prescription drugs than would otherwise be the case if a pharmacy dealt directly with the patient. That's because the third-party payer system severs the direct link between the consumer and the producer of goods and services that allows market forces to work. Doctors, hospitals, labs and pharmacies negotiate with a deeper-pocketed third party, not the consumer, to arrive at a price.

A March 2017 Consumer Reports interview with University of Minnesota professor of pharmacoeconomics Stephen Schondelmeyer summarizes the problem. Pharmacy retail chains are more concerned about what third parties such as insurers will pay, rather than what customers themselves can afford. They focus on setting high list prices to ensure that insurers don't cut into their bottom line.

The third-party trap is why Douglas Jennings, PharmD, in the June 2016 Pharmacy Times, wrote: "As co-pays increase and high-deductible insurance plans become more common, patients may be overpaying for their prescriptions when using insurance."

When the FDA reclassifies a prescription drug to over-the-counter, it extracts it from the third-party spending trap. As consumers play their part, market forces often bring prices down and new competitors often enter the market. Contact lenses, while requiring a prescription, are not usually covered by insurance plans. Over the years, competition for consumers has driven down the prices of contact lenses as choices and options have increased. There is no reason to believe this won't happen if oral contraceptives are subjected to the same competitive forces.

As a 2016 analysis in the Journal of Research in Pharmacy Practice points out, moving to OTC offers benefits beyond affecting the price of oral contraceptives. For example, taking time away from work or other activities to wait in a doctor's office for a prescription carries its own costs. There's also the bill from the office visit. And even in the increasing number of states that allow pharmacists to be the prescribers of oral contraceptives, there is the question of comfort and privacy. Many patients would prefer to purchase this kind of medication discreetly, and avoid unwanted discussion or counseling, even if a health care professional offers it. This was a major concern noted among women purchasing emergency contraception, which has been available over the counter since 2006.

The obstacles created by the prescription status of oral contraceptives may be a reason why many women stop taking them after just one year. Removing these obstacles may help. An interesting study from the University of Texas in the Journal of Obstetrics and Gynecology compared OTC versus prescription oral contraception use across the U.S.-Mexico border at El Paso/Ciudad Juarez. It found over-the-counter oral contraceptives led to longer continued use.

The argument against the Affordable Care Act's contraceptive mandate has mostly focused on the rights of employers' freedom of conscience. The debate is heated and tempers have flared. Washington policymakers can help bring the temperature down a notch by heeding the advice of the American Congress of Obstetricians and Gynecologists and reclassifying oral contraceptives to OTC.

*Jeffrey A. Singer, M.D., practices general surgery in Phoenix, Ariz., and is a senior fellow at the Cato Institute.*