

AMERICAN MEDICAL ASSOCIATION HOUSE OF DELEGATES

Resolution: 707
(A-24)

Introduced by: Association for Clinical Oncology, American College of Rheumatology

Subject: Alternative Funding Programs

Referred to: Reference Committee G

- 1 Whereas, alternative funding programs (AFPs) are run by third-party, for-profit vendors that
2 target self-funded plans; and
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- 4 Whereas, AFPs claim to help companies reduce their healthcare costs by offloading health
5 plans' responsibility for covering most or all specialty drugs; and
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- 7 Whereas, AFPs exclude or automatically deny prior authorization for specialty medications and
8 instead promise to help patients or providers access those medications through pharmaceutical
9 manufacturers' patient assistance programs (PAPs) or other charitable programs; and
10
- 11 Whereas, patients are required to work with the AFP vendor or be left paying 100% of the cost
12 of their specialty medication; and
13
- 14 Whereas, a 2022 study found that 10% of employers with at least 5,000 employees were using
15 AFPs and 27% were considering AFPs; and
16
- 17 Whereas, PAPs are safety-net programs designed to provide free drugs to uninsured and
18 underinsured individuals; and
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- 20 Whereas, AFP vendors require patients to provide proof of income and a limited power of
21 attorney to enable the AFP vendor to act on their behalf and apply for manufacturer PAPs; and
22
- 23 Whereas, a patient's application for a PAP may be denied because of high income; and
24
- 25 Whereas, if a patient's PAP application is denied, the patient's employer could, but is not
26 required to, override the denial as a medical necessity or approve the previously denied prior
27 authorization; and
28
- 29 Whereas, an AFP may attempt to seek financial assistance from a charitable foundation on
30 behalf of the patient as an interim measure while awaiting PAP determination; and
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- 32 Whereas, if an AFP cannot get a drug covered by a PAP, the patient may end up owing the full
33 amount of the drug cost; and
34
- 35 Whereas, regardless of whether the patient is approved for a PAP, the potentially lengthy
36 application process can delay access to necessary care; and
37
- 38 Whereas, if a patient is approved for a PAP, then PAP funds available for the prescribed
39 medication may provide only cover a partial course of treatment; and

1 Whereas, AFPs divert funds intended for individuals who are uninsured or underinsured with
2 limited or no access to medications; and

3
4 Whereas, an ad hoc patient advocacy coalition has sent a letter to the Department of Labor
5 (DOL) expressing concerns about AFPs; and

6
7 Whereas, AFPs steer charitable and other patient-assisting funds away from uninsured and
8 underinsured patients; and

9
10 Whereas, AFPs hinder patient access to specialty drugs; therefore be it

11
12 RESOLVED, that our American Medical Association will educate employers, benefits
13 administrators, and patients on alternative funding programs (AFPs) and their negative impacts
14 on patient access to treatment and will advocate for legislative and regulatory policies that
15 would address negative impacts of AFPs. (Directive to Take Action)

16
Fiscal Note: Moderate - between \$5,000 - \$10,000

Received: 4/24/2024

REFERENCES

1. Snively A, Richter A. Alternative Funding Programs. Don't Be Fooled by Promises of 'Free' Specialty Cancer Drugs. ONS Voice. January 2024. <https://voice.ons.org/news-and-views/alternative-funding-programs>
2. Employer Market Trends Report. Gallagher. June 2022. https://www.benfieldresearch.com/pdf/2022%20Gallagher%20Research%20%20Insights_Employer%20Market%20Trends.pdf
3. Alternative Funding Programs: What Employers Need to Know. Aired Alliance. February 2024. https://aimedalliance.org/wp-content/uploads/2024/02/AFP-White-Paper_FINAL.pdf
4. Alternative Funding Programs Hinder Access to Medications. Immune Deficiency Foundation. February 2024. <https://primaryimmune.org/resources/news-articles/alternative-funding-programs-hinder-access-medications>
5. Growth in Alternative Funding Programs Threatens Patient Access to Medicines. Biotechnology Innovation Organization. April 2023. https://www.bio.org/sites/default/files/2023-10/bio_afp_factsheet_v4_2.pdf
6. Coalition Sends Letter to the Department of Labor Expressing Concerns About Alternative Funding Programs. Cystic Fibrosis Foundation. September 2023. <https://www.cff.org/statements/2023-09/coalition-concerns-alternative-funding-plans>

RELEVANT AMA POLICY

Third-Party Pharmacy Benefit Administrators H-110.963

1. Our AMA recommends that third-party pharmacy benefit administrators that contract to manage the specialty pharmacy portion of drug formularies be included in existing pharmacy benefit manager (PBM) regulatory frameworks and statutes, and be subject to the same licensing, registration, and transparency reporting requirements.
2. Our AMA will advocate that third-party pharmacy benefit administrators be included in future PBM oversight efforts at the state and federal levels.