

# Oregon's Drug Price Transparency Program

Overview and Preliminary Results  
Nov. 19, 2019



# Program Overview

**Goal:** Provide accountability for prescription drug pricing through transparency of specific cost and price information from pharmaceutical manufacturers and health insurers.



**New drug reports:** More than \$670

**Annual price increase reports:** \$100 or more and 10% net yearly increase



**Insurers report:** Top 25 most costly and most prescribed drugs, and the impact of drug costs on premium rates



**Consumers report:** Personal price increase in Rx they have purchased

# Consumer Notices:

- 40,000 rack cards distributed to 556 Oregon pharmacies

## Common themes from consumers:

- Multiple notices for insulin, prostate, and thyroid drugs
- Over half of are for brand-name drugs



Has the cost of your prescription drugs gone up?

### Report it

#### Call

833-210-4560 (toll free)

#### Email

[Rx.prices@oregon.gov](mailto:Rx.prices@oregon.gov)

#### Visit

[dfr.oregon.gov/drugtransparency](https://dfr.oregon.gov/drugtransparency)

Contact the Oregon Division of Financial Regulation to report an increase to the cost of your prescription drugs.

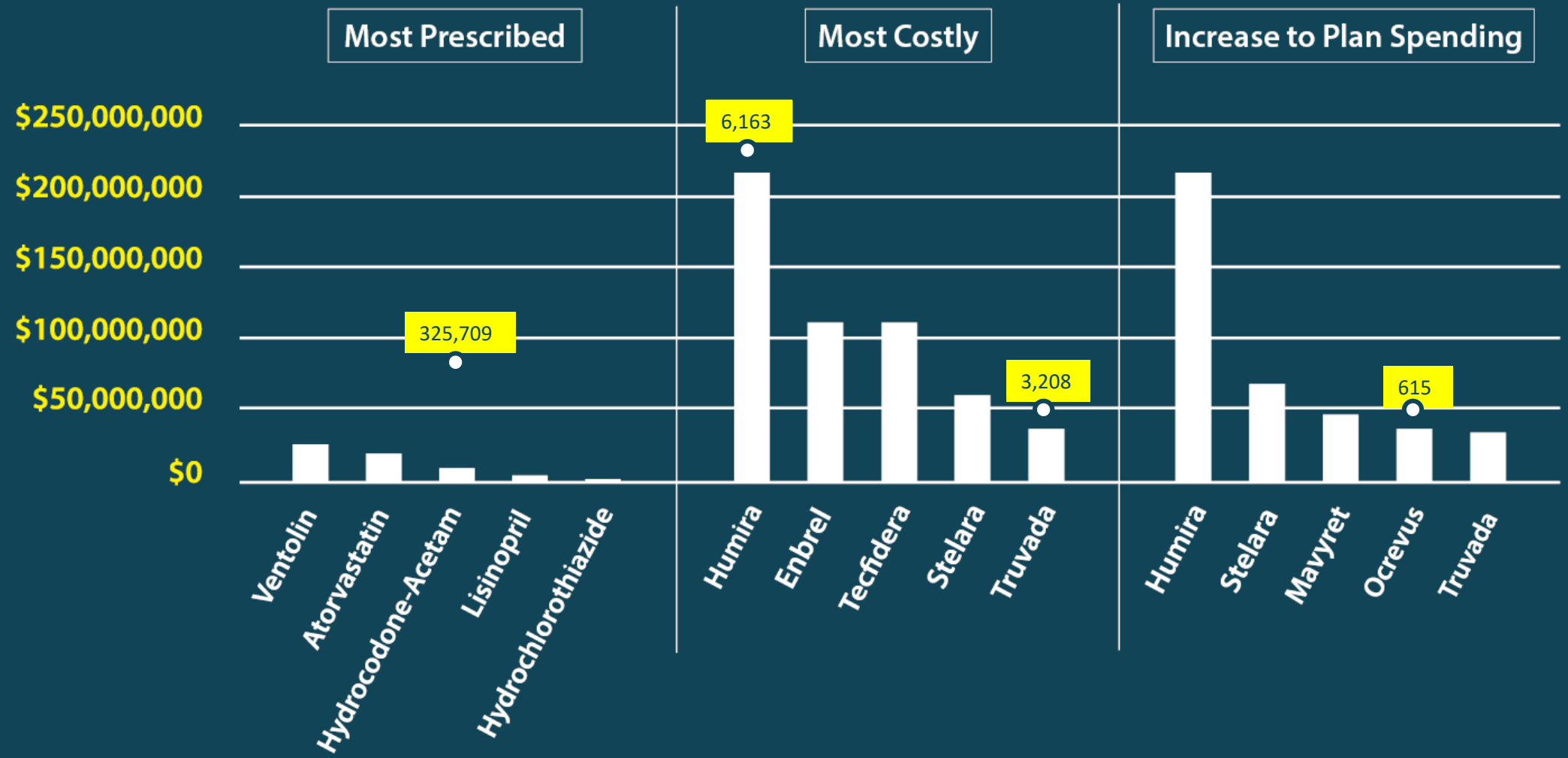
# Health Insurer Reports

Nine health insurance companies reported to the program:

- BridgeSpan Health Company
- Health Net Health Plan of Oregon
- Kaiser Foundation Health Plan of the Northwest
- Moda Health Plan
- PacificSource Health Plans
- Providence Health Plan
- Regence BlueCross BlueShield of Oregon
- Samaritan Health Plans
- UnitedHealthcare Insurance Company

# Insurer Reports

● Number of People Filing Claims





# Manufacturers Reports

This is the first time that manufacturers have been required to report this data.

## What they are required to share:

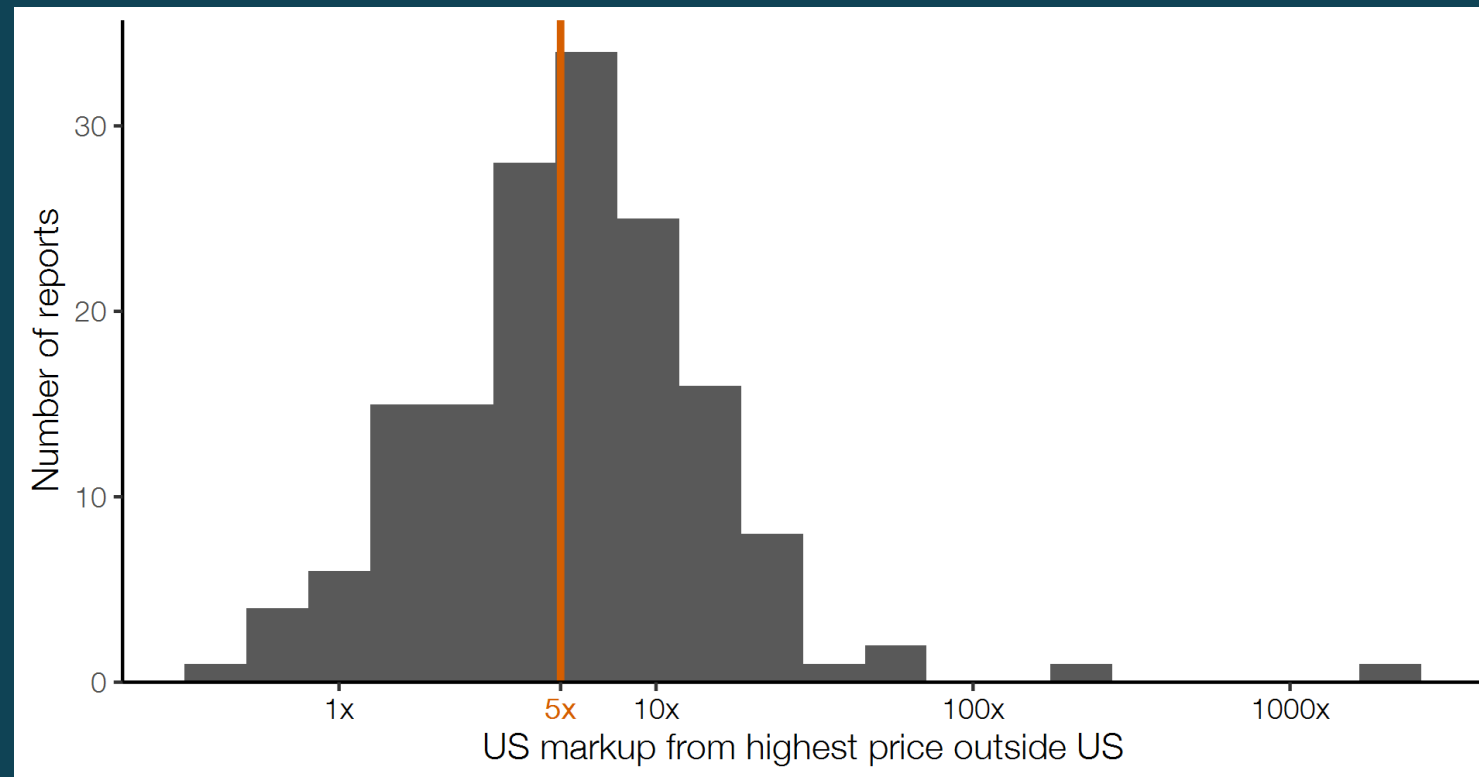
- New drugs – more than \$670 a month or course of treatment
- Annual price increase – drugs priced more than \$100/month with a 10% net yearly price increase

## We have learned so far:

- 176 new drug reports from 38 manufacturers
- 534 annual price increase reports from 38 manufacturers

# Early Data Reveals

U.S. consumers pay on average 5 times more than the highest price in other countries



Graph: Price in the U.S. compared to the Price in Other Countries

Source: Annual Price Increase Reports – Preliminary Data, Drug Price Transparency Program, Department of Consumer and Business Services, November 2019.

## Cancer drugs

- Median U.S. price - \$16,000
- Highest non-U.S. price - \$13,800 in the United Arab Emirates

## Antidepressants

- Median U.S. price - \$1,060
- Highest non-U.S. price - \$470 in Malaysia
- Zoloft for example is priced at \$318 and \$1,051 in the U.S. and ranges from \$1 to \$470 in other countries

## Cardiovascular drugs

- Median U.S. price - \$580
- Highest non-U.S. price - \$785 in Malaysia
- The majority prices in other countries range from \$5 to \$164



# Early Data Reveals

Reported annual price increase by manufacturer:

Manufacturer	Price increase range	Number of reports received
Pfizer	11% - 15%	332
Merck and Co.	12% - 15%	26
Celgene	10% - 12%	22
Endo	10% - 20%	17
Elsai	11% - 17%	16
Fresenius	10% - 22%	13
Lantheus	10%	12
Sawai	12% - 21%	10

# Annual Price Increase Reports

## Increase Factors



### Increased Costs

- Operating expenses (logistics, labor, etc.)
- Cost of materials
- Amounts paid in rebates
- Use of co-pay assistance programs



### Market and Economic Factors

- Obligations to shareholders
- Lack of competition
- Pricing among competitors and in other countries
- Increase in patient population



### R&D Factors

- Investing in or recouping development costs
- New or expiring patents
- Costs associated with FDA requirements

Source: Annual Price Increase Reports – Preliminary Data, Drug Price Transparency Program, Department of Consumer and Business Services, November 2019.

# Annual Price Increase Reports

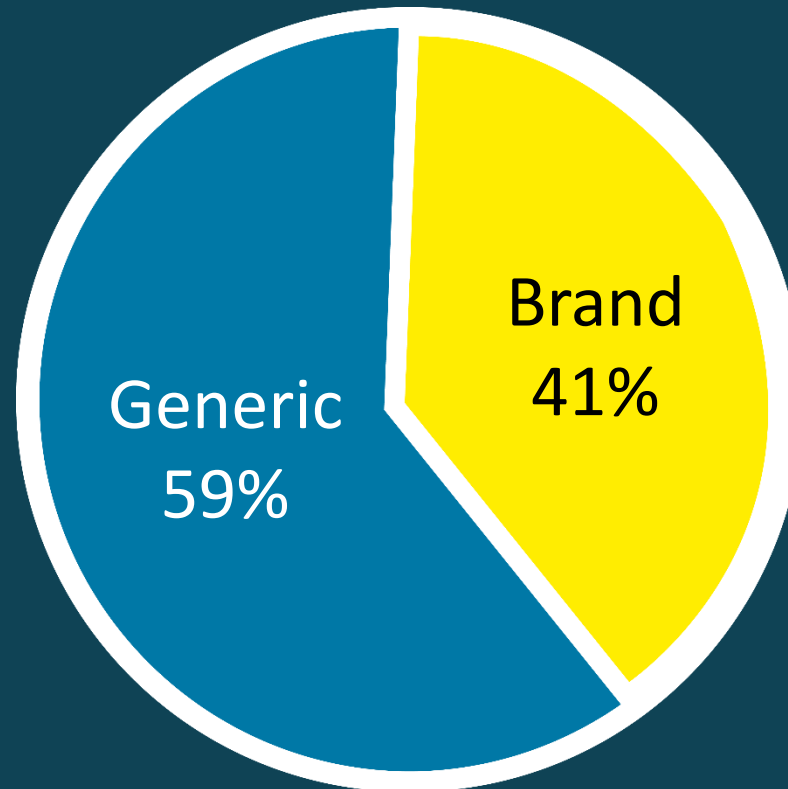
## Patient Assistance Programs

- 43% of annual filings reported have a patient assistance program
- Majority is provided for brand-name drugs
- Assistance ranges from \$101 to \$5 million

Total value provided to Oregonians more than \$20 million

# New Drug Reports

The majority of new high-cost drug reports received are generics coming to market

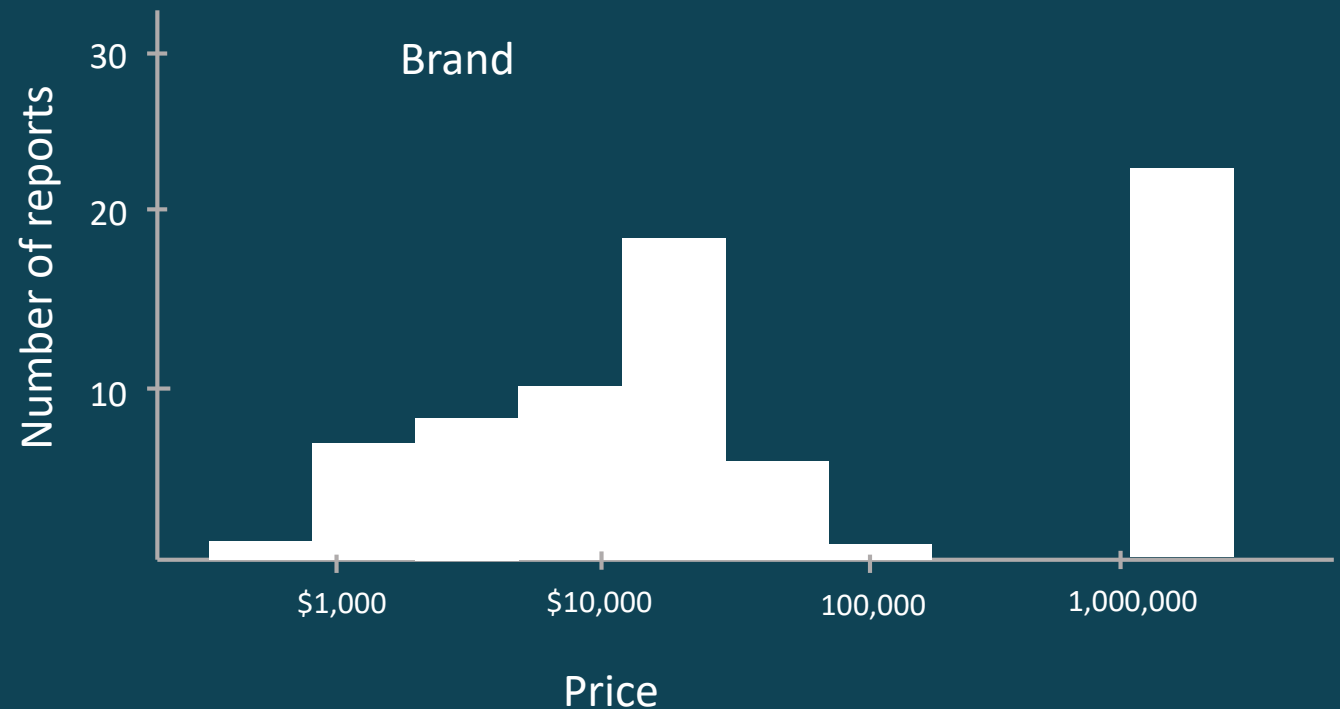
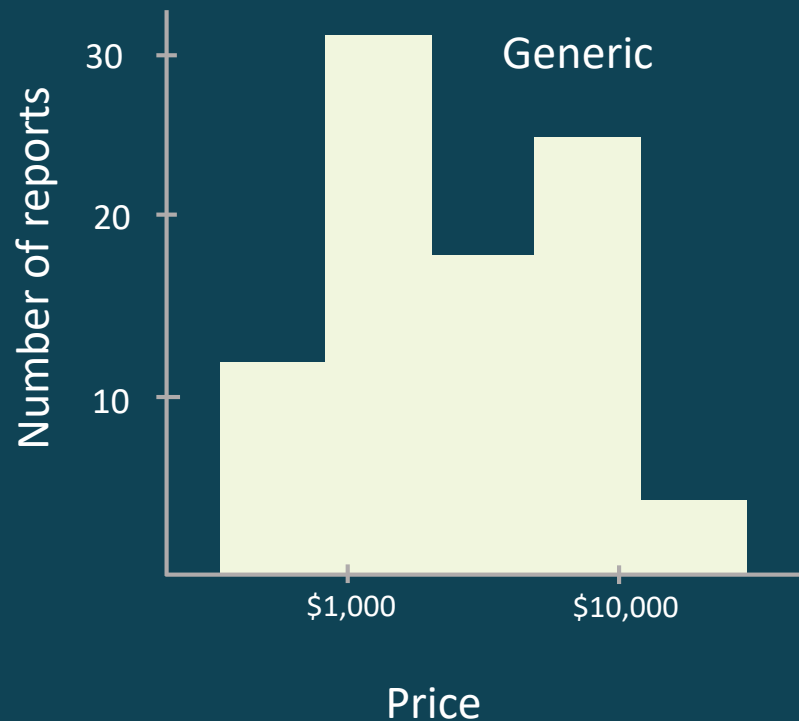


Graph: Percentage of new brand and generic drugs reported, November 2019

Source: *New Drug Reports – Preliminary Data, Drug Price Transparency Program, Department of Consumer and Business Services, November 2019.*

# New Drug Reports Data Reveals

Reported new brand-name drugs are significantly more expensive than reported new generics but some overlap exists between \$1,000 and \$10,000 per course of treatment.



Graph: List prices of new drugs (over the reporting threshold of \$670)

Source: New Drug Reports – Preliminary Data, Drug Price Transparency Program, Department of Consumer and Business Services, November 2019.



# New Drug Reports

## Pricing Methodology

### Market Factors

- Number of generic competitors
- Discount off of reference drug
- Competition, supply and demand
- Negotiations with customers

### Patient Population

- How well the medicine works
- Compares to other available treatments
- Value and affordability for patient access
- Prevalence and incidence of condition

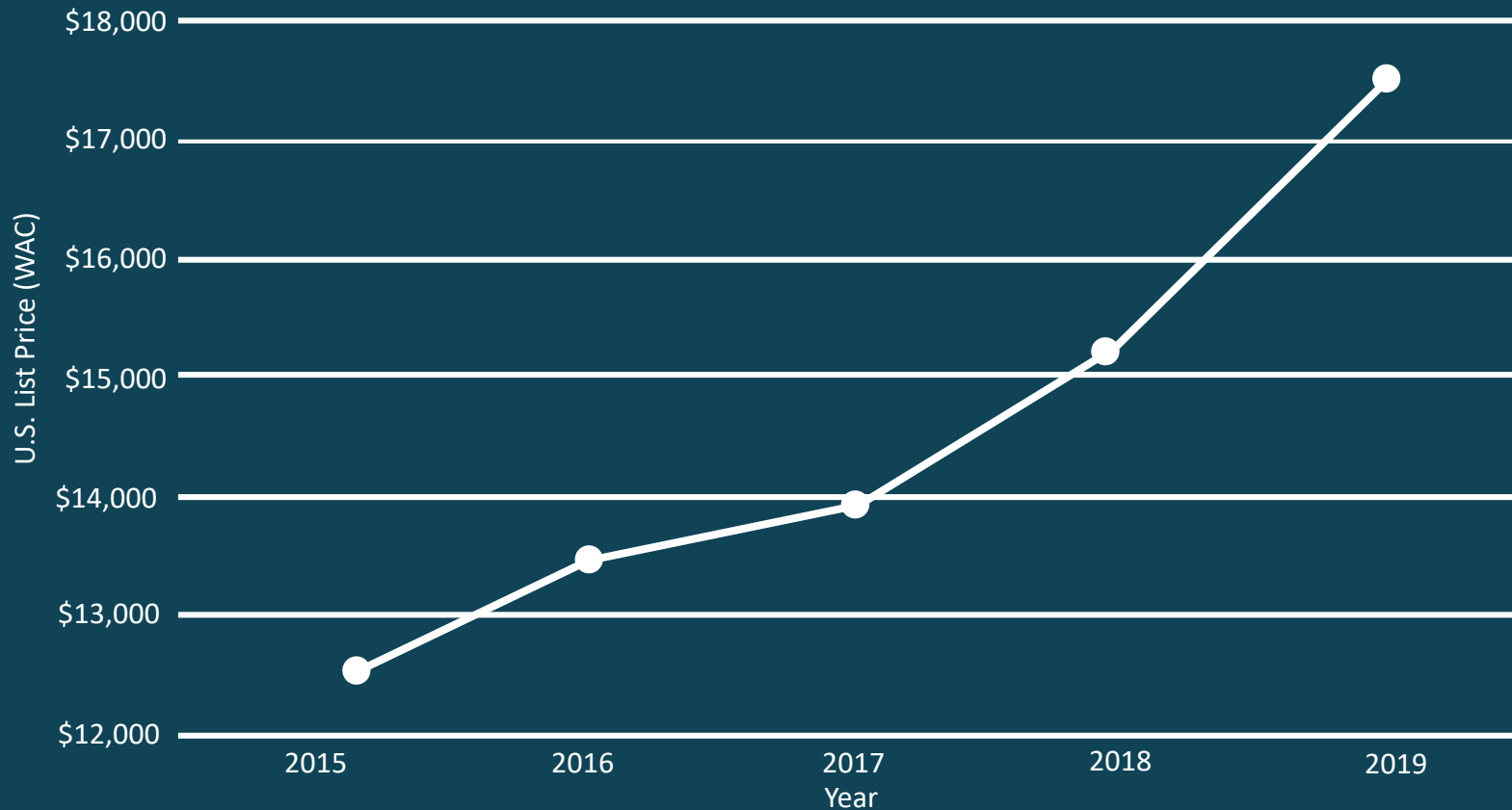
### Business Factors

- Rewarding innovation
- Competitiveness determined by pricing committee
- Value-based methodology
- Profitability and costs

Source: New Drug Reports – Preliminary Data, Drug Price Transparency Program, Department of Consumer and Business Services, November 2019.

# Drug Price Increases Over Time

EISAI Inc. – Lenvima, used to treat types of thyroid, kidney, and liver cancer

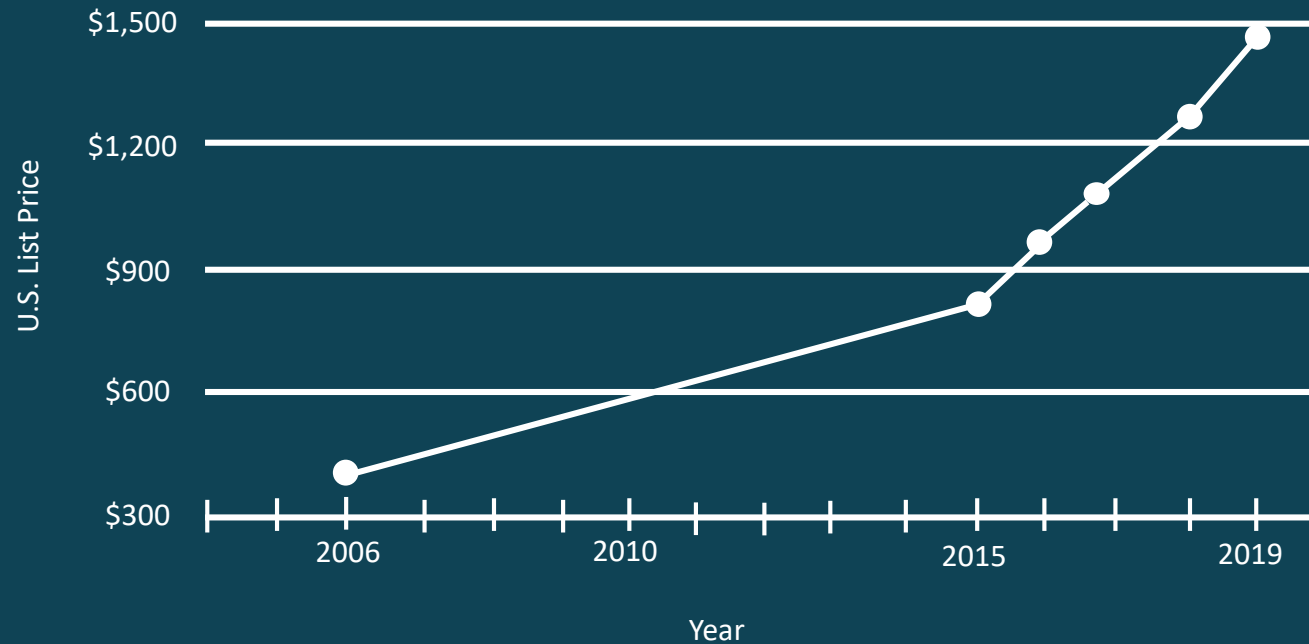


United States	\$17,555
Austria	\$3,518
Italy	\$3,508
UAE	\$3,077

Source: Annual Price Increase Reports – Preliminary Data, Drug Price Transparency Program, Department of Consumer and Business Services, November 2019.

# Drug Price Increases Over Time

PFIZER - Lipitor



Source: Annual Price Increase Reports – Preliminary Data, Drug Price Transparency Program, Department of Consumer and Business Services, November 2019.

United States	\$1,495
Thailand	\$220
Germany	\$130
Philippines	\$64
Sweden	\$44

# Early Drug Price Transparency Data Reveals:

- U.S. consumers typically pay 5 times more than the highest price in other countries with many drugs costing over 100 times more
- Average annual price increases range from 10% to 20%
- New brand-name drugs are significantly more expensive than new generics
- 60% of new drugs coming to the market are generics
- Highest prices for new generics is about \$10,000
- Highest prices for new brand names are more than \$100,000

# Program Contacts and Resources

Info on Oregon's Drug Price Transparency Program:

- Visit [dfr.oregon.gov/drugtransparency](http://dfr.oregon.gov/drugtransparency)
- Email [rx.prices@oregon.gov](mailto:rx.prices@oregon.gov)
- Call 503-947-7200



DATE	BID	ASK	PRO
JAN	€ 241,00	€ 558,00	€ 104,00
FEB	€ 955,00	€ 348,00	€ 374,00
MAR	€ 116,00	€ 415,00	€ 930,00
APR	€ 262,00	€ 146,00	€ 107,00
MAY	€ 839,00	€ 890,00	€ 801,00
JUN	€ 706,00	€ 579,00	€ 691,00
JUL	€ 622,00	€ 870,00	€ 933,00
AUG	€ 557,00	€ 775,00	€ 934,00
SEP	€ 50,00	€ 300,00	€ 437,00
OCT	€ 817,00	€ 518,00	€ 269,00
NOV	€ 173,00	€ 331,00	€ 223,00
DEC	€ 608,00	€ 599,00	€ 339,00





# OR DCBS Annual Prescription Drug Price Hearing

Saumil Pandya  
Deputy Vice President - PhRMA

November 19, 2019



**PhRMA**  
RESEARCH • PROGRESS • HOPE

# In the midst of incredible scientific progress, medicine cost growth is declining



**5.3%**

2015



**0.4%**

2018



**5.0%**

2015



**3.3%**

2018



**8.5%**

2015

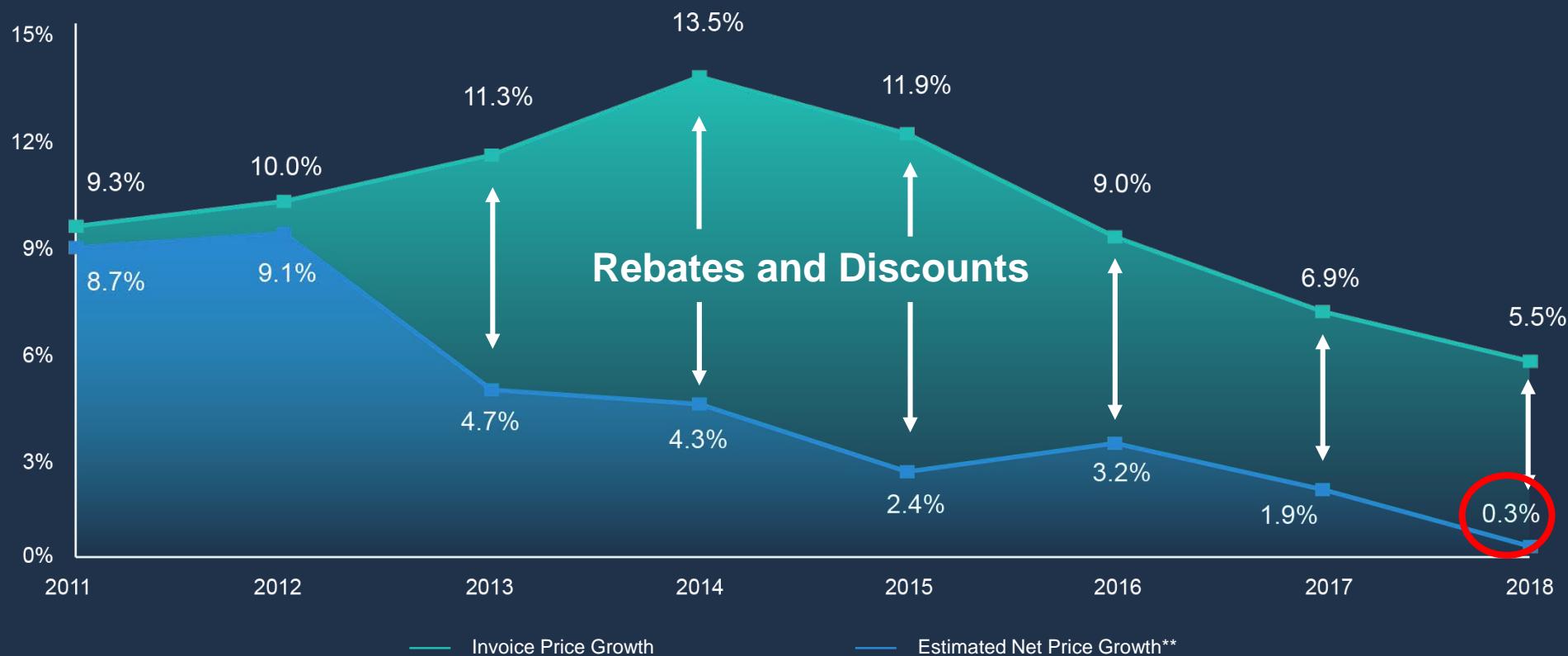


**4.5%**

2018

Note: IQVIA data is reflective of retail and physician-administered medicine spending.

# In fact, after discounts and rebates, brand medicine prices grew just 0.3% in 2018

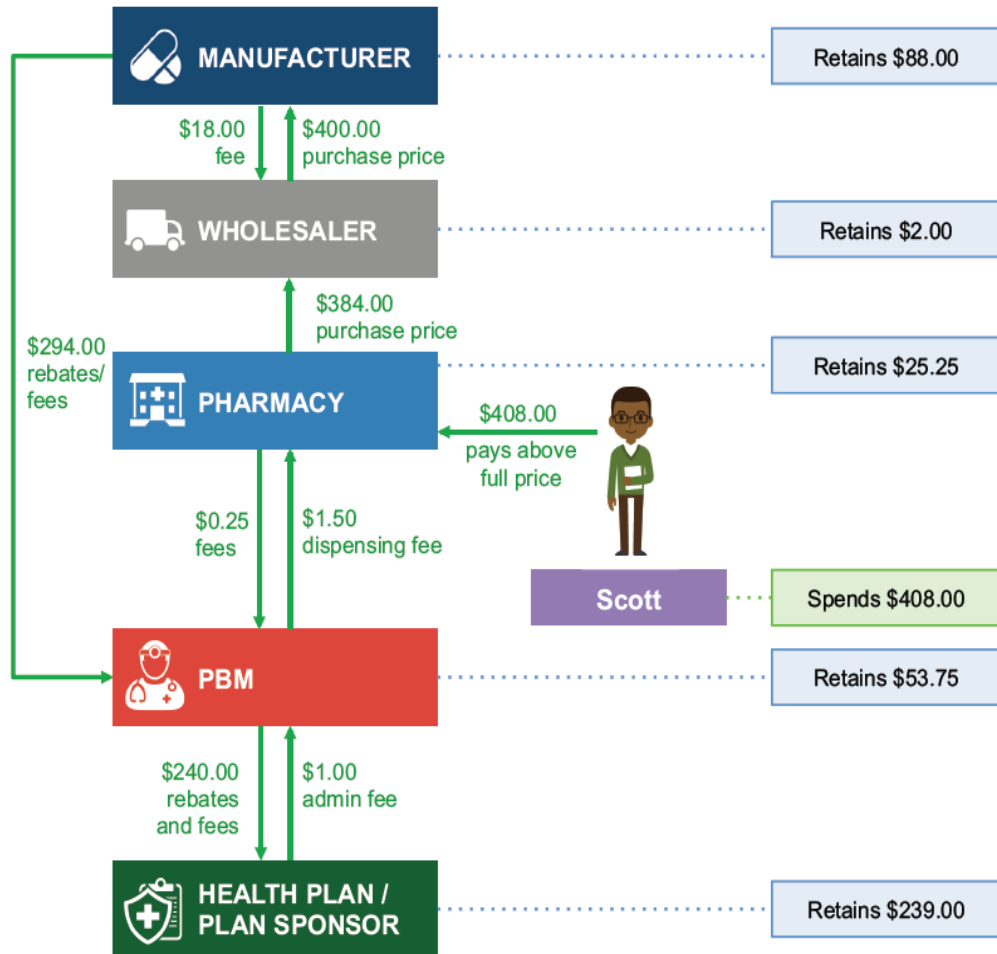


Source: IQVIA, January 2019.

\*Includes protected brand medicines only (ie, brand medicines without generic versions available in the year indicated).

\*\*Net price growth reflects impact of off-invoice rebates and discounts provided by manufacturers.

# Flow of Payment for a \$400 Insulin



- Since Scott hasn't reached his deductible, his insurer does not cover any of his costs
- Scott pays more than the list price of his medicine
- The PBM and health plan pay nothing, and actually earn \$292.75 on this prescription
- Due to industry consolidation, the PBM, health plan, and even the pharmacy are often part of the same parent company

## Assumptions:

- \$400 list price per prescription
- 65% base rebate
- Patient pays full undiscounted price of medicine

# Lack of competition in the supply chain

- Highly concentrated supply chain with few key players controlling large market shares



- Top 3 PBMs account for roughly 75% of covered lives
- Wholesale, pharmacy and insurer markets are also highly concentrated
- Of \$100 spent on drugs, \$42 goes to PBMs, wholesalers, pharmacies, and insurers.





# State Policy Solutions to Address Affordability Challenges

## PROMOTE VALUE-DRIVEN HEALTH CARE

- Encourage states to explore innovative value-based arrangements that are voluntary
- Better use of APCDs to reduce spending on low value care

## ENSURE PATIENTS WITH STATE-REGULATED INSURANCE DIRECTLY BENEFIT FROM REBATES

- Support legislation at the state-level that could potentially reduce patients' out-of-pocket costs by requiring insurers to share manufacturer discounts and rebates with patients at the pharmacy counter

## SUPPORT FIRST DOLLAR COVERAGE OF CERTAIN PRESCRIPTION DRUGS

- Support policy that requires health insurers to provide coverage of certain medicines prior to the deductible

## SUPPORT POLICIES COUNTING PAYMENTS OUTSIDE OF INSURANCE TOWARD OUT-OF-POCKET COSTS

- Change health insurance rules to require health plans to count the cost of prescriptions purchased through third-party programs, like Blink Health and GoodRx, toward patient out-of-pocket costs limits

# The High Cost of Multiple Sclerosis Drugs: A Case Study in Pharmaceutical Market Dysfunction

Daniel Hartung, PharmD, MPH

Associate Professor

College of Pharmacy Oregon State University



**Oregon State**  
University

# Disclosures

- AbbVie Pharmaceuticals (research contract)
- National Multiple Sclerosis Society (research contract)

## Other grant support

- NIH / NIDA
- CDC
- AHRQ

- Multiple Sclerosis is progressive, immune-mediated, neurologic condition associated with significant physical disability and functional impairment
- Prevalence in US ~ 1 million
- Economic burden is significant
  - ~\$70K/year – direct and indirect costs
  - 50% to 75% of total direct medical spending is for Rx Drugs
- MS Disease-modifying therapy (DMT) are not curative but can reduce relapses and delay progression
- DMT should be offered to all individuals with RRMS

# Disease-Modifying Therapies for Relapsing-Remitting MS (RRMS)

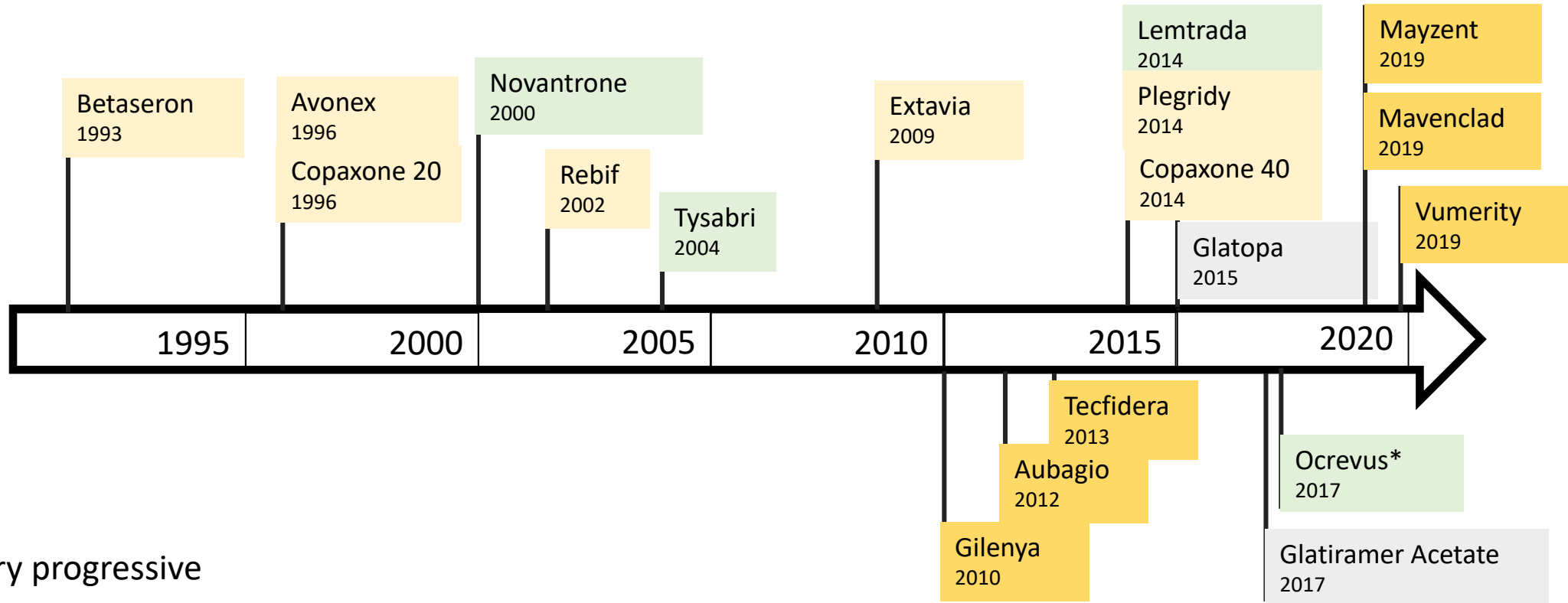
- FDA approved 1<sup>st</sup> MS drug in 1993
- 19 FDA approved drugs that differ by MOA, administration, efficacy and adverse effects

Self-administered injection = 7

Oral = 6

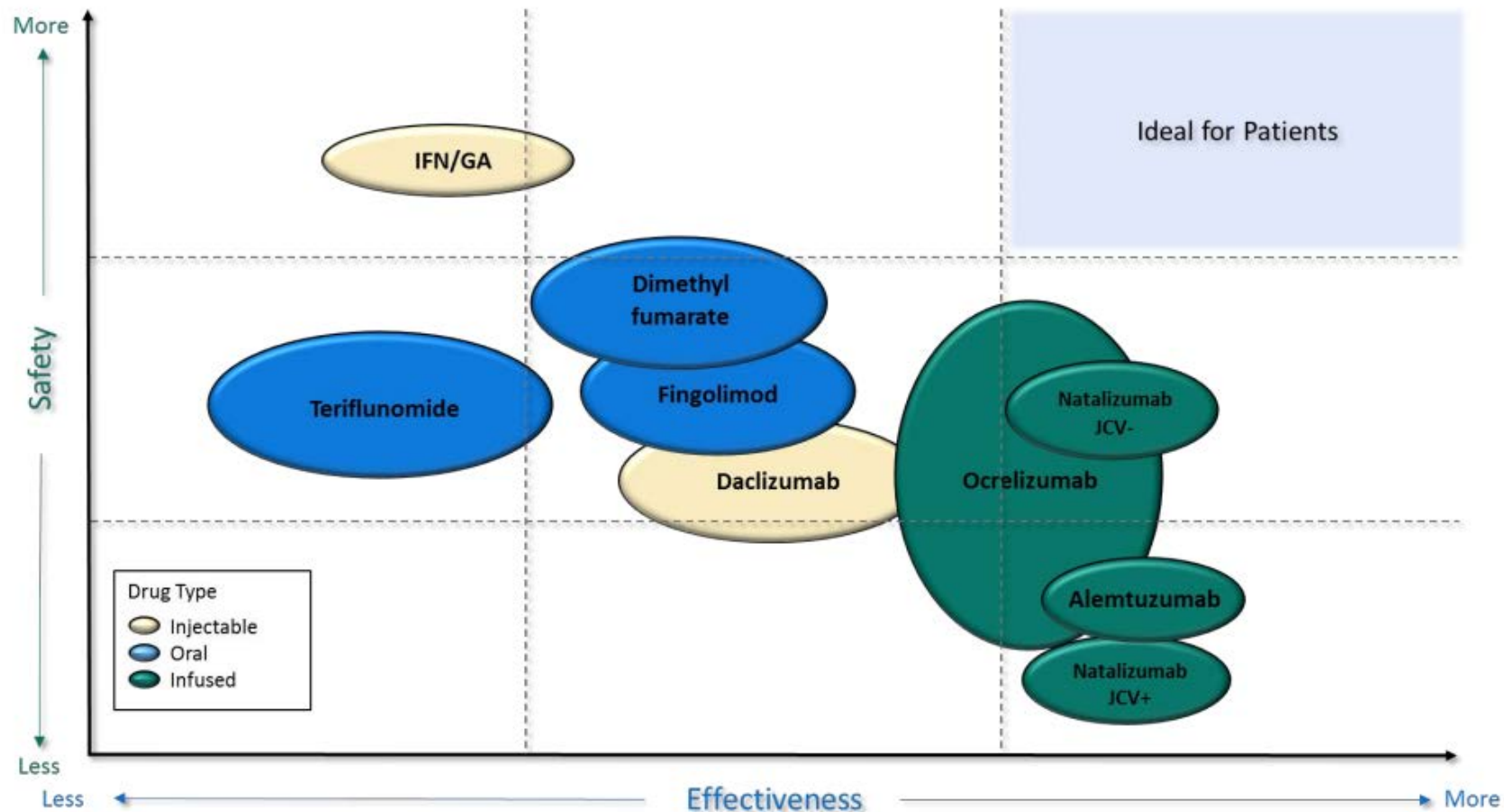
Infusions = 4

Generic = 2  
(glatiramer acetate)



\*Primary progressive

# Qualitative summary of safety and effectiveness

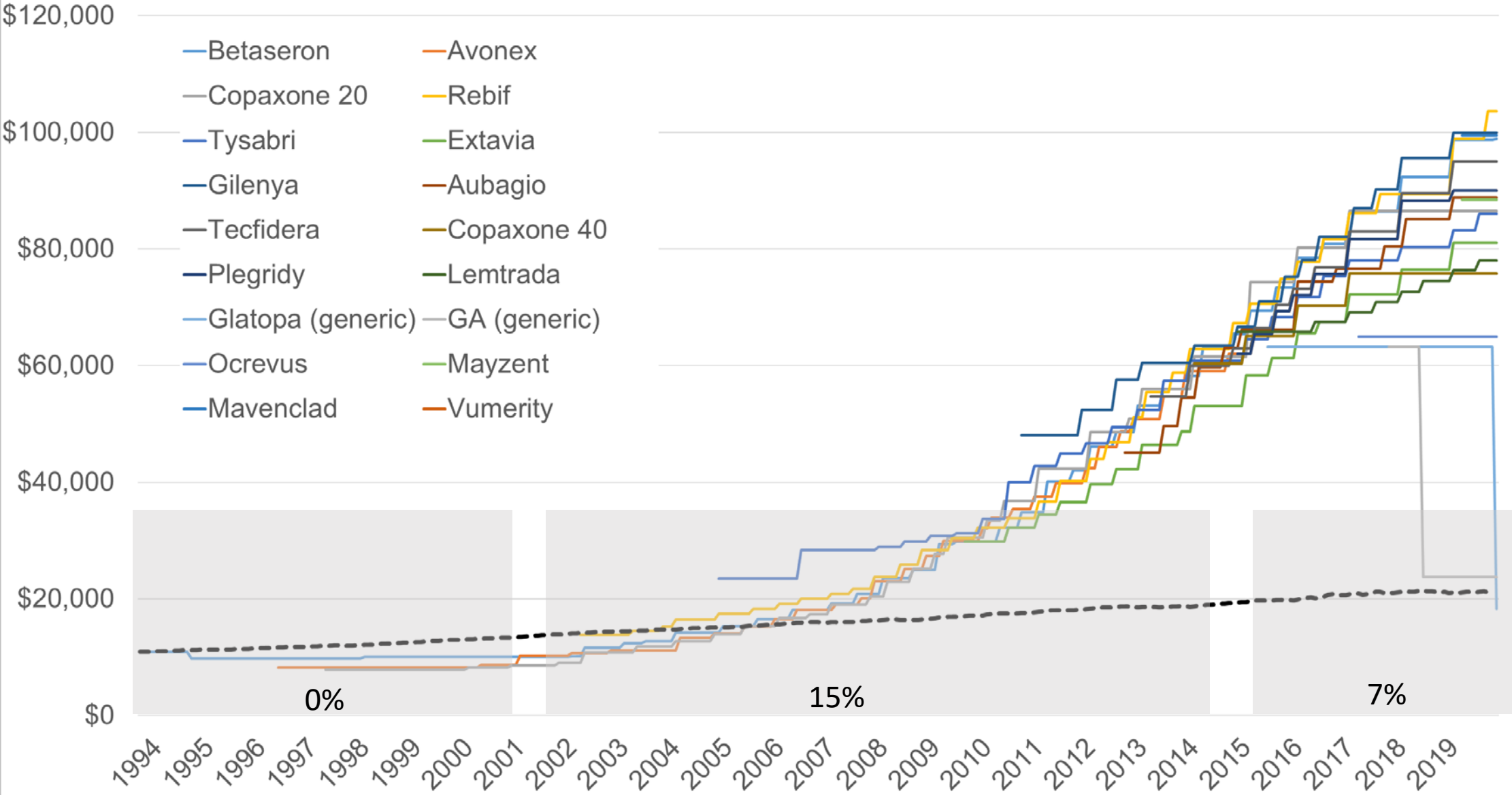


*Wider and taller shapes indicate greater uncertainty. Not drawn to scale.*

ICER Report: DMT for RRMS and PPMS: Effectiveness and Value

[https://icer-review.org/wp-content/uploads/2016/08/CTAF\\_MS\\_Final\\_Report\\_030617.pdf](https://icer-review.org/wp-content/uploads/2016/08/CTAF_MS_Final_Report_030617.pdf)

# Annual DMT Pricing (WAC): 1993 to 2019

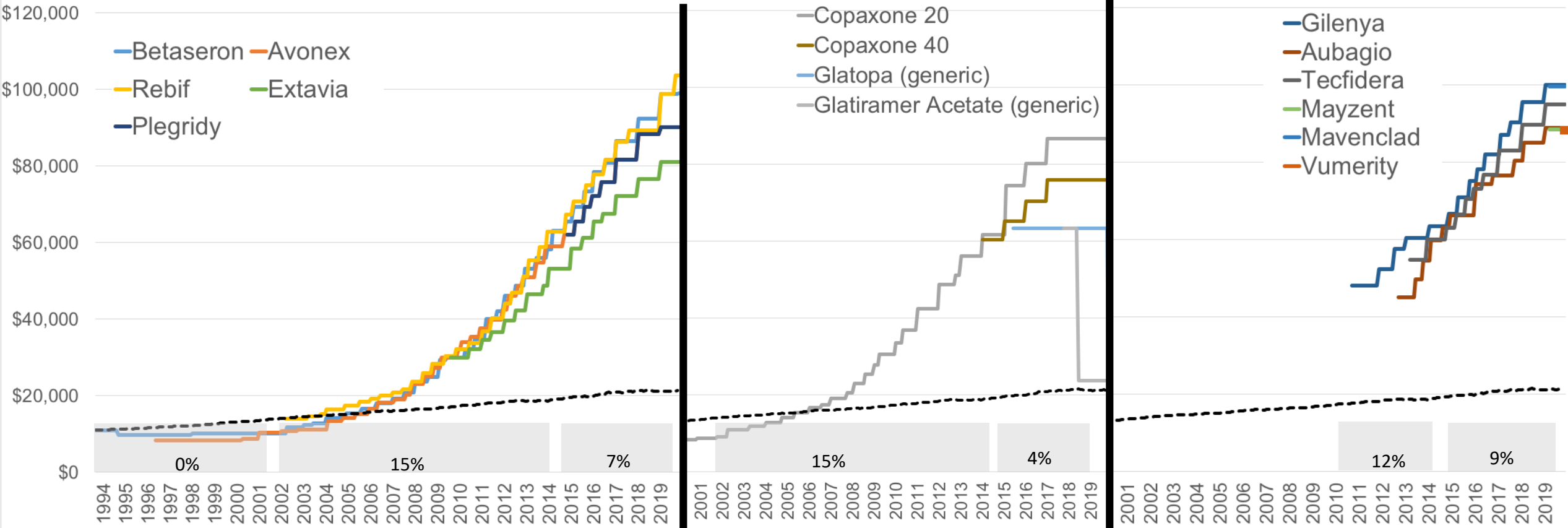




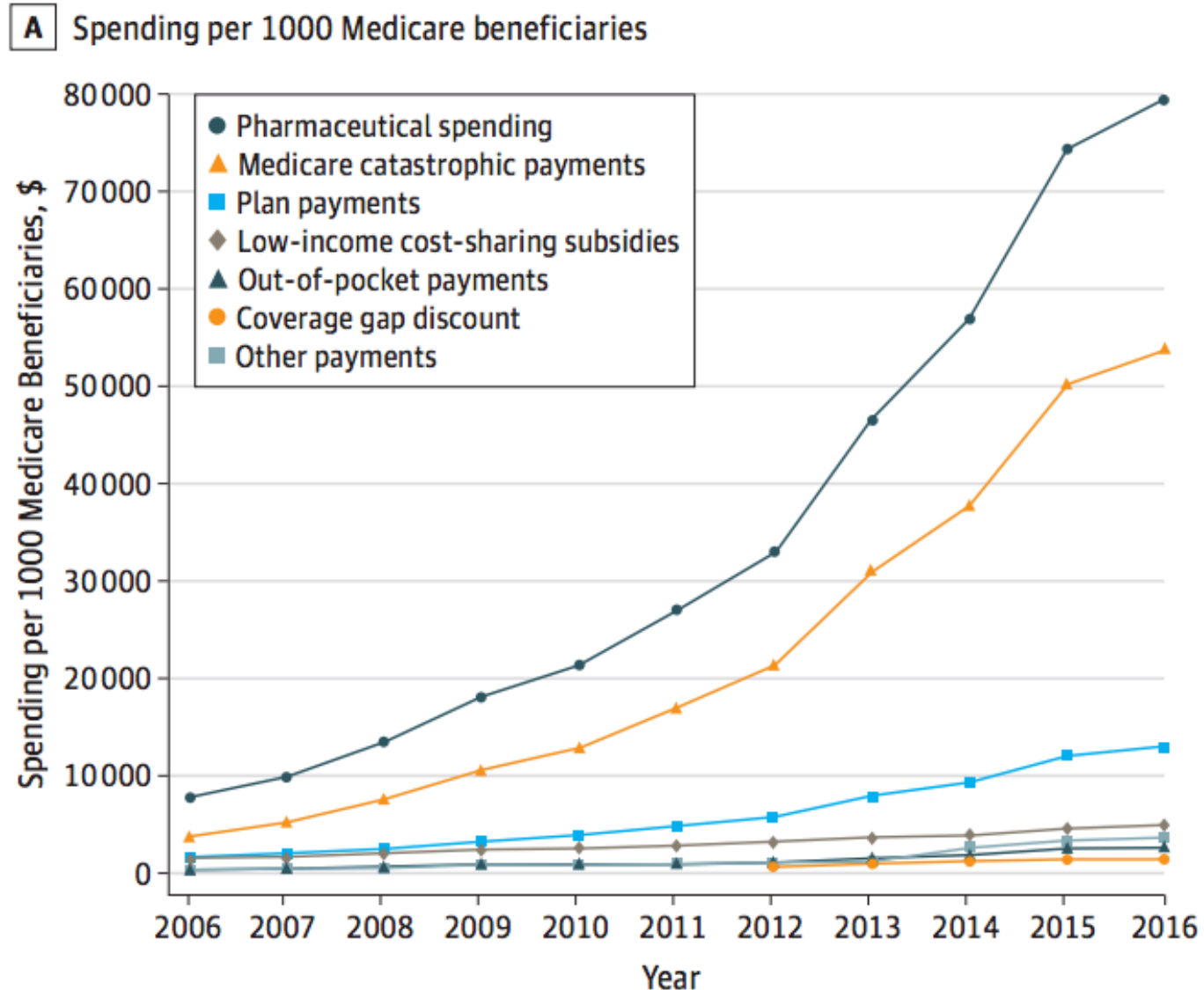
# Interferons

# Glatiramer Acetate

# Orals



# DMT Spending in Medicare Part D



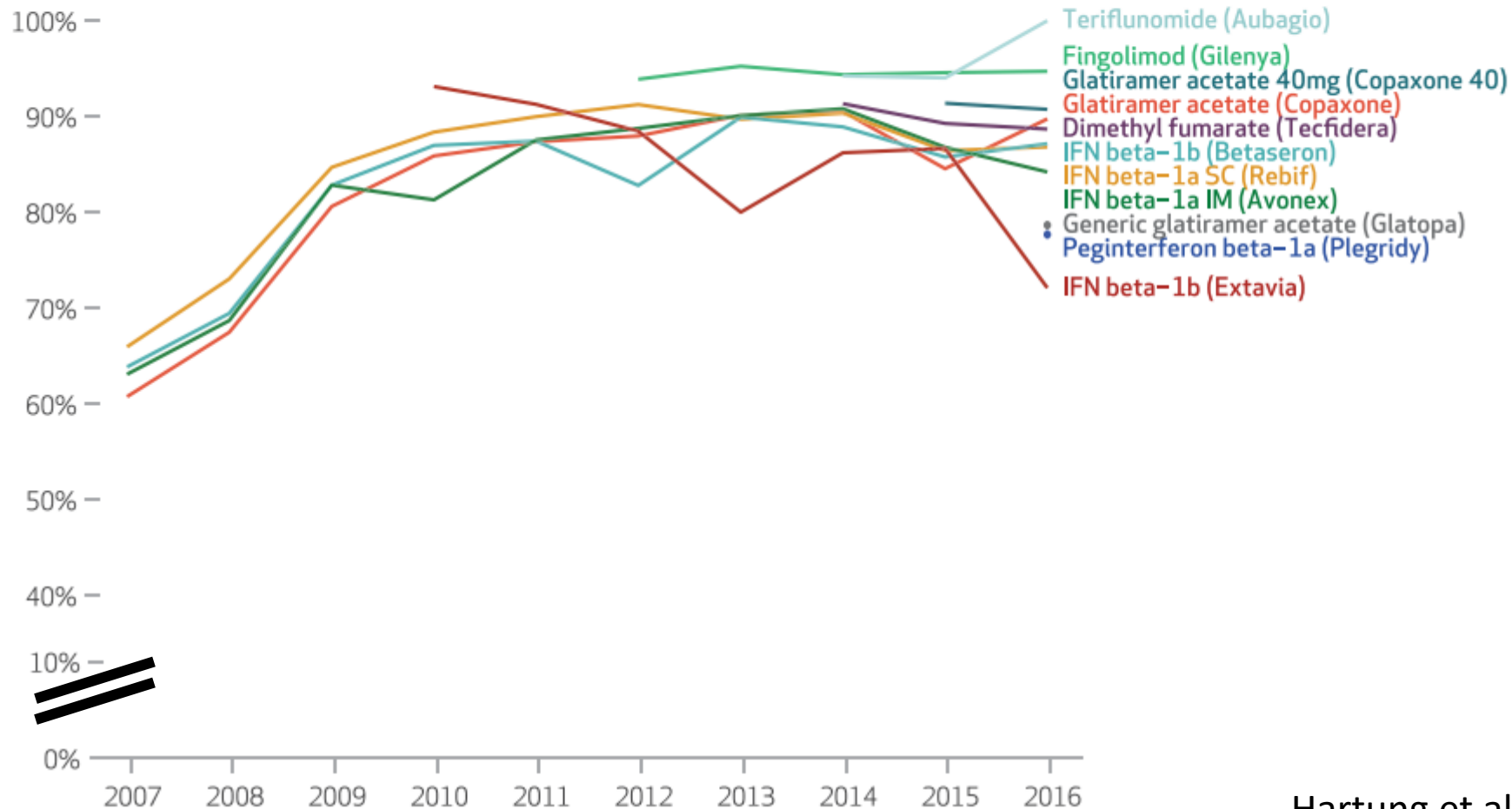
- 2017 Medicare
  - ~ \$5 B for DMTs
  - ~\$1.5 B for branded Copaxone
  - ~\$1.4 B for neurology services
- Between 2006 and 2016
  - DMT spending ↗ 10 fold
  - Patient OOP ↗ 7 fold

Hartung, Bourdette; 2019 JAMA Neurology  
San-Juan Rodriguez; 2019 JAMA Neurology

# Increasing Access Restrictions (Medicare Part D)

## EXHIBIT 2

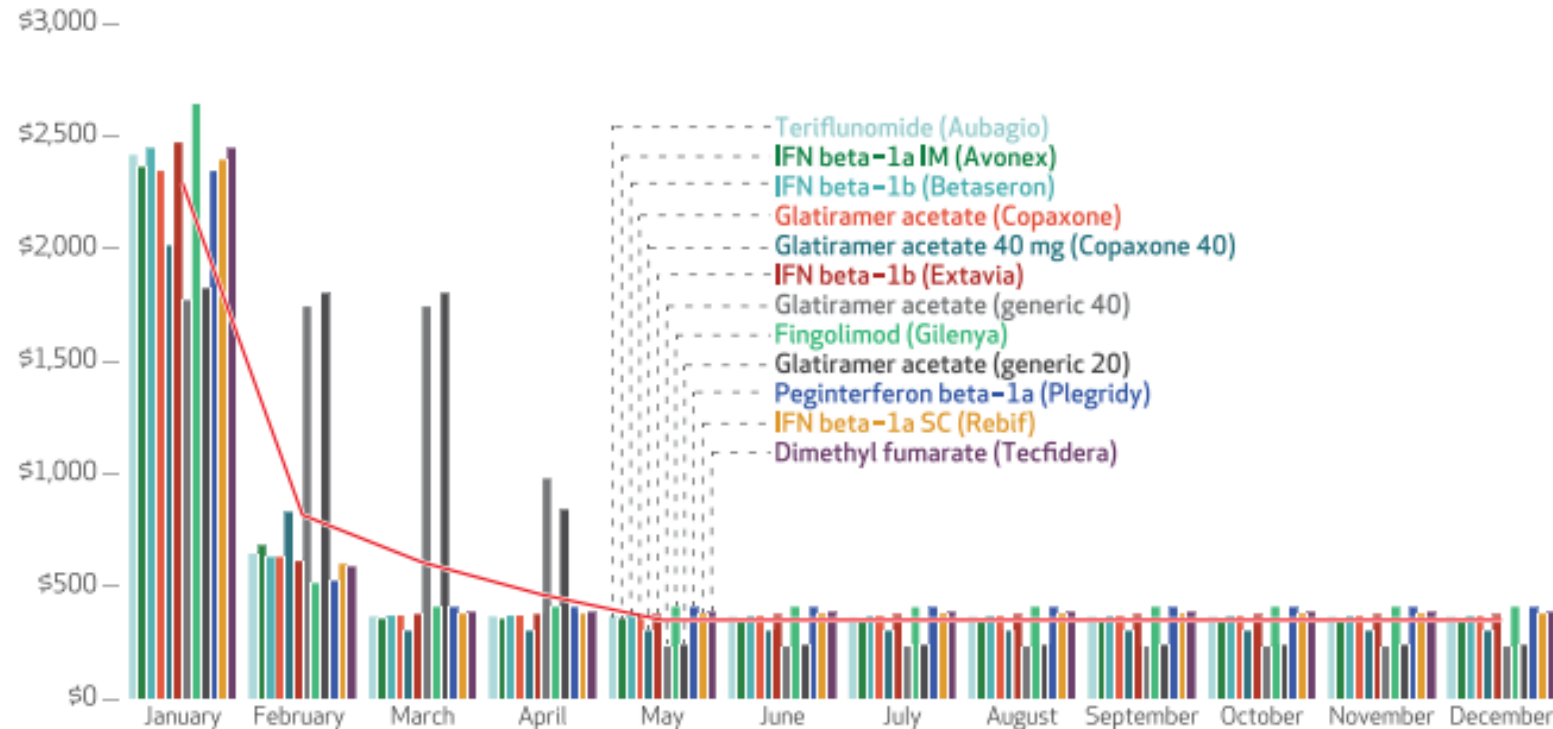
Weighted percentages of prescription drug plans that used prior authorization policies to manage multiple sclerosis disease-modifying therapies, 2007-16



# Projected Out-of-pocket Costs(Medicare Part D)

## EXHIBIT 4

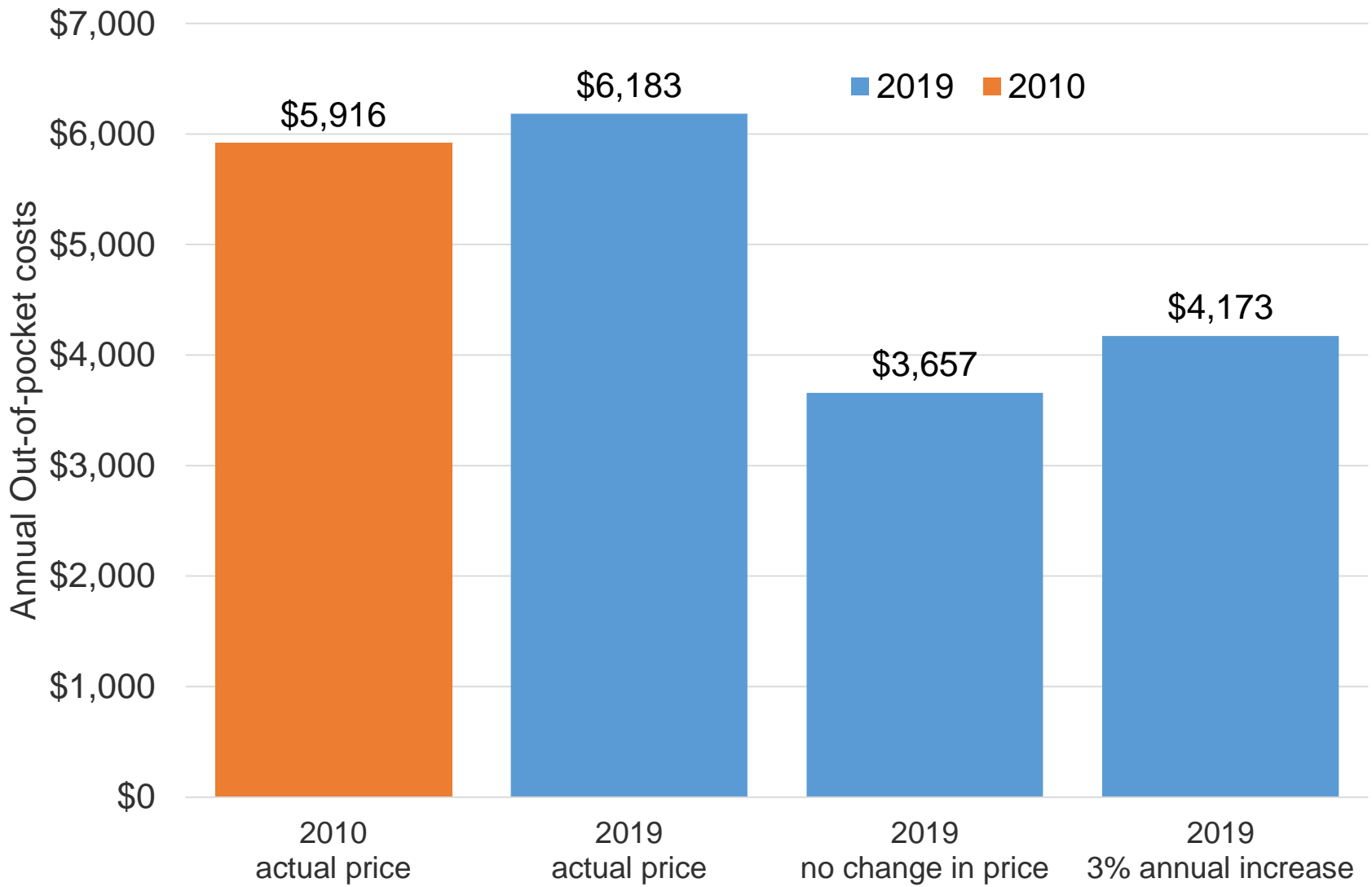
Projected out-of-pocket spending for beneficiaries without a low-income subsidy for multiple sclerosis disease-modifying therapies, by month, 2019



# Rising Prices Have Undermined Policy Efforts to Reduce Medicare Beneficiary OOP

Disease-modifying therapy (Brand name), year approved	Monthly price (\$D)			Annual change <sup>b</sup>		Projected annual out-of-pocket <sup>c</sup>			Annual change <sup>b</sup>	
	2010	2016	2019	2010 to 2019	2016 to 2019	2010	2016	2019	2010 to 2019	2016 to 2019
Interferon beta-1b (Betaseron) 1993	\$5169 (104)	\$6109 (77)	\$7762 (245)	2.7%	9.1%	\$7,336	\$6,246	\$6,632	-2.5%	1.0%
Interferon beta-1a (Avonex) 1996	\$2716 (101)	\$5564 (80)	\$7076 (238)	12.2%	9.1%	\$5,864	\$5,909	\$6,228	0.1%	0.8%
Glatiramer acetate 20 mg (Copaxone) 1996	\$2891 (57)	\$6669 (86)	\$7273 (391)	14.3%	3.2%	\$5,968	\$6,578	\$6,347	1.6%	-0.6%
Interferon beta-1a SC (Rebif) 2002	\$2596 (54)	\$5987 (184)	\$7706 (285)	14.3%	9.6%	\$5,792	\$6,153	\$6,603	1.0%	1.1%
Fingolimod (Gilenya) 2010		\$6483 (94)	\$8426 (250)		10.0%		\$6,464	\$7,033		1.4%
Teriflunomide (Aubagio) 2012		\$6194 (233)	\$7482 (259)		7.1%		\$6,291	\$6,503		0.5%
Dimethyl fumarate (Tecfidera) 2013		\$6110 (140)	\$7988 (289)		10.2%		\$6,229	\$6,752		1.3%
Glatiramer acetate 20 mg (Glatopa - generic) 2015		\$5208 (253)	\$4123 (1209)		-8.1%		\$7,494	\$6,879		-1.4%
Median	\$2804	\$5987	\$7009	13.2%	7.9%	\$5916	\$6229	\$6618	0.5%	0.5%

# Medicare Part D Annual OOP



Escalating DMT prices have undermined the effect of closing the Part D Coverage Gap

# Effects of DMT Costs on Individuals with MS

- National MS Society Survey (n=8,778)
  - 55% report challenges with cost of treatment
  - 21% report challenges with insurance policies and coverage
- Policies that reduce coverage and increase cost-sharing can negatively affect DMT use
  - Reduced DMT initiation
  - Reduced DMT adherence
  - Increase DMT discontinuation
  - Increased DMT abandonment

Palmer L. Am J Pharm Benefits. 2012

Li. Health Serv Res. 2017. 2017

Starner Cl. Health Affairs. 2014

Hartung – ICPE 2018

<https://www.nationalmssociety.org/NationalMSSociety/media/MSNational/Advocacy/surveydetail.pdf>





“Companies have been able to raise prices because nobody has pushed back or told them that they’re not able to”  
-X pharmaceutical executive  
(paper forthcoming)

<https://khn.org/news/doughnut-hole-is-gone-but-medicares-uncapped-drug-costs-still-bite-into-budgets/>



Tod Gervich injects himself with the prescription drug Copaxone, three times a week. While he’s accustomed to managing his condition, he can’t get used to Medicare’s high coinsurance payments. (COURTESY OF TOD GERVICH)

“I feel like I’m being punished financially for having a chronic disease,”