



OR DCBS Annual Prescription Drug Price Hearing

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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

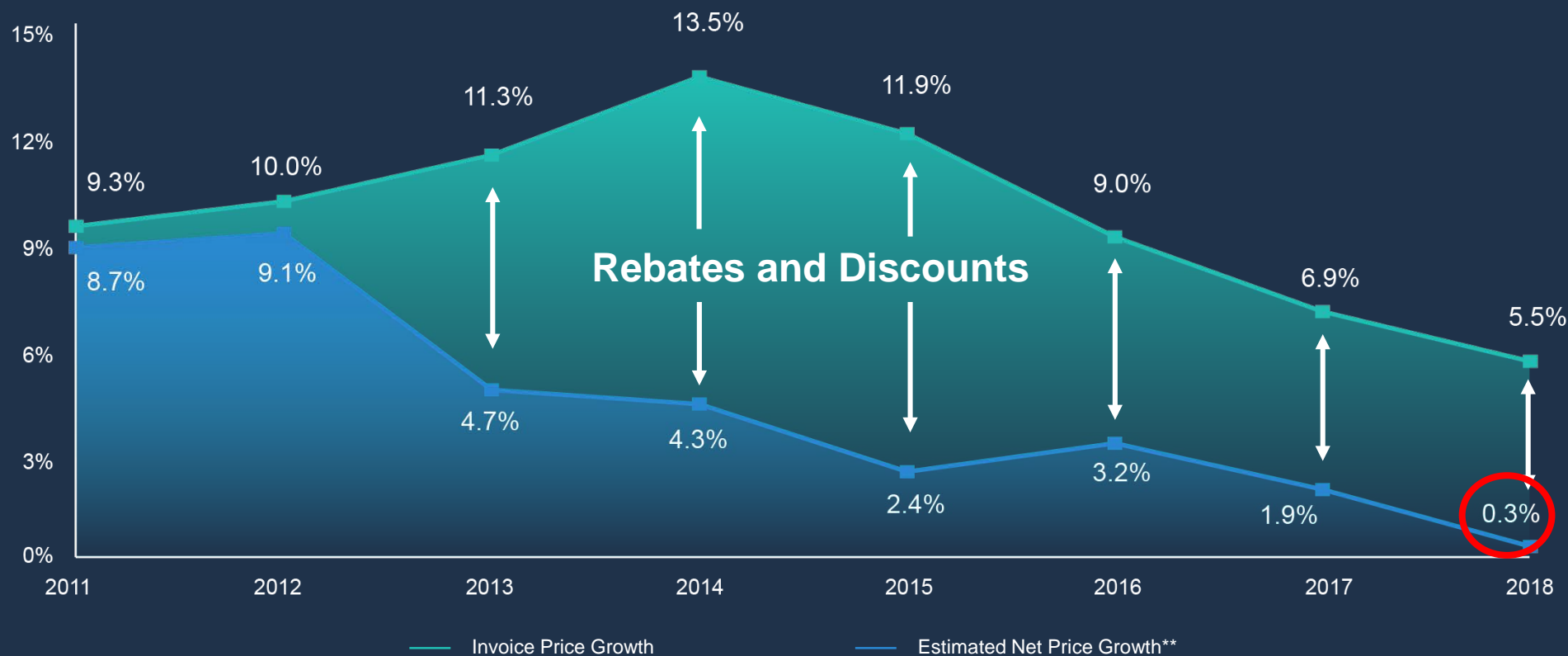


4.5%

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

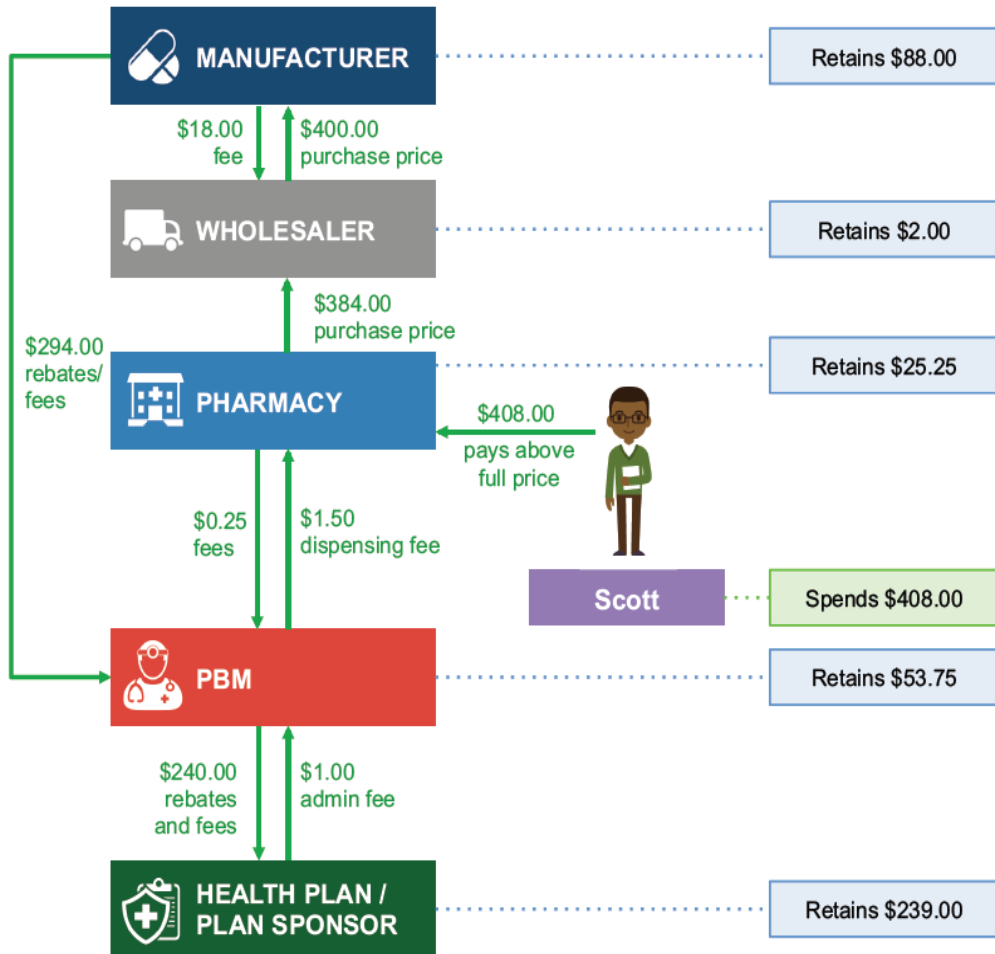


Source: IQVIA, January 2019.

*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