

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

Visit

dfr.oregon.gov/drugtransparency

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

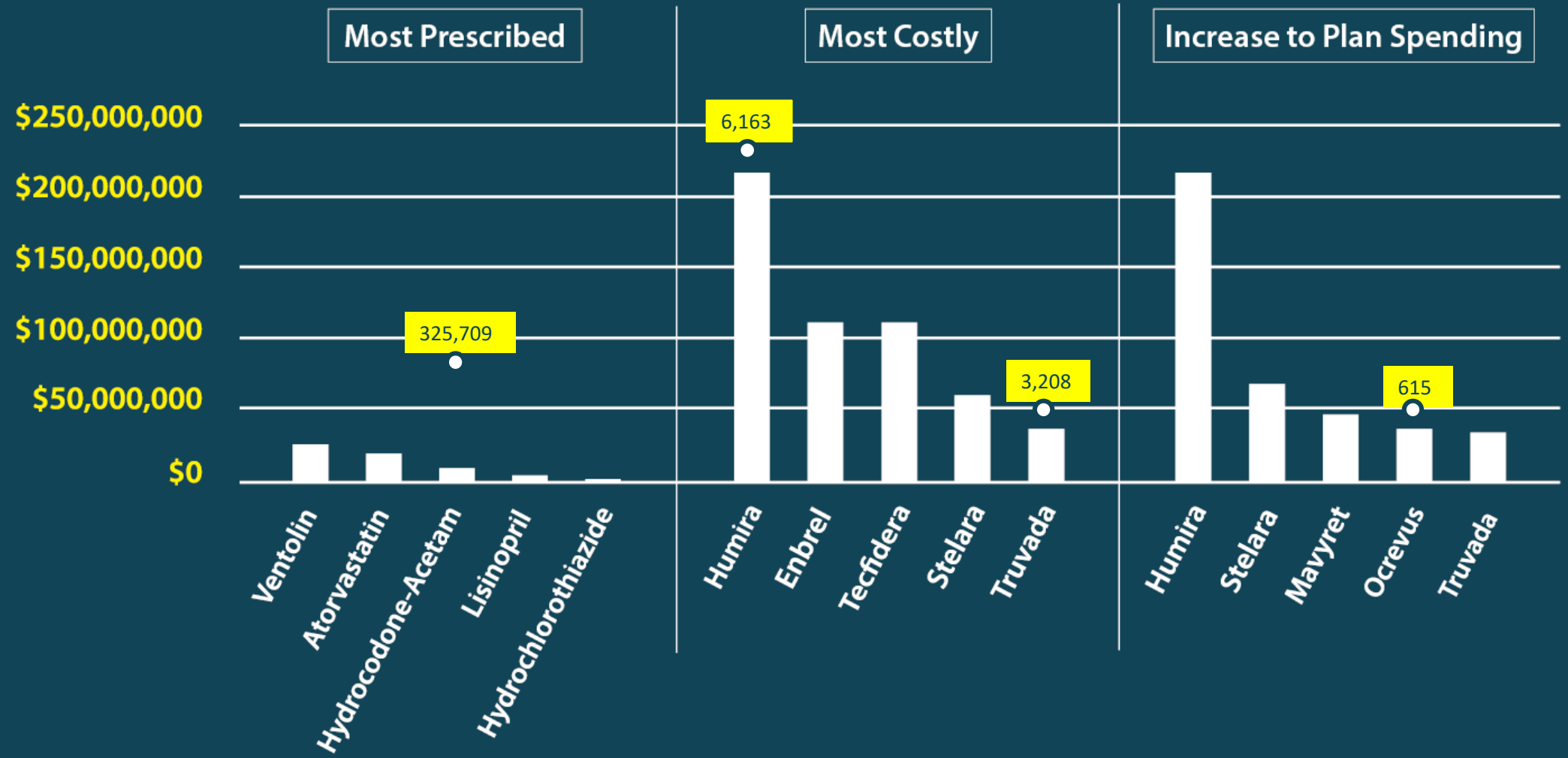
Health Insurer Reports

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:

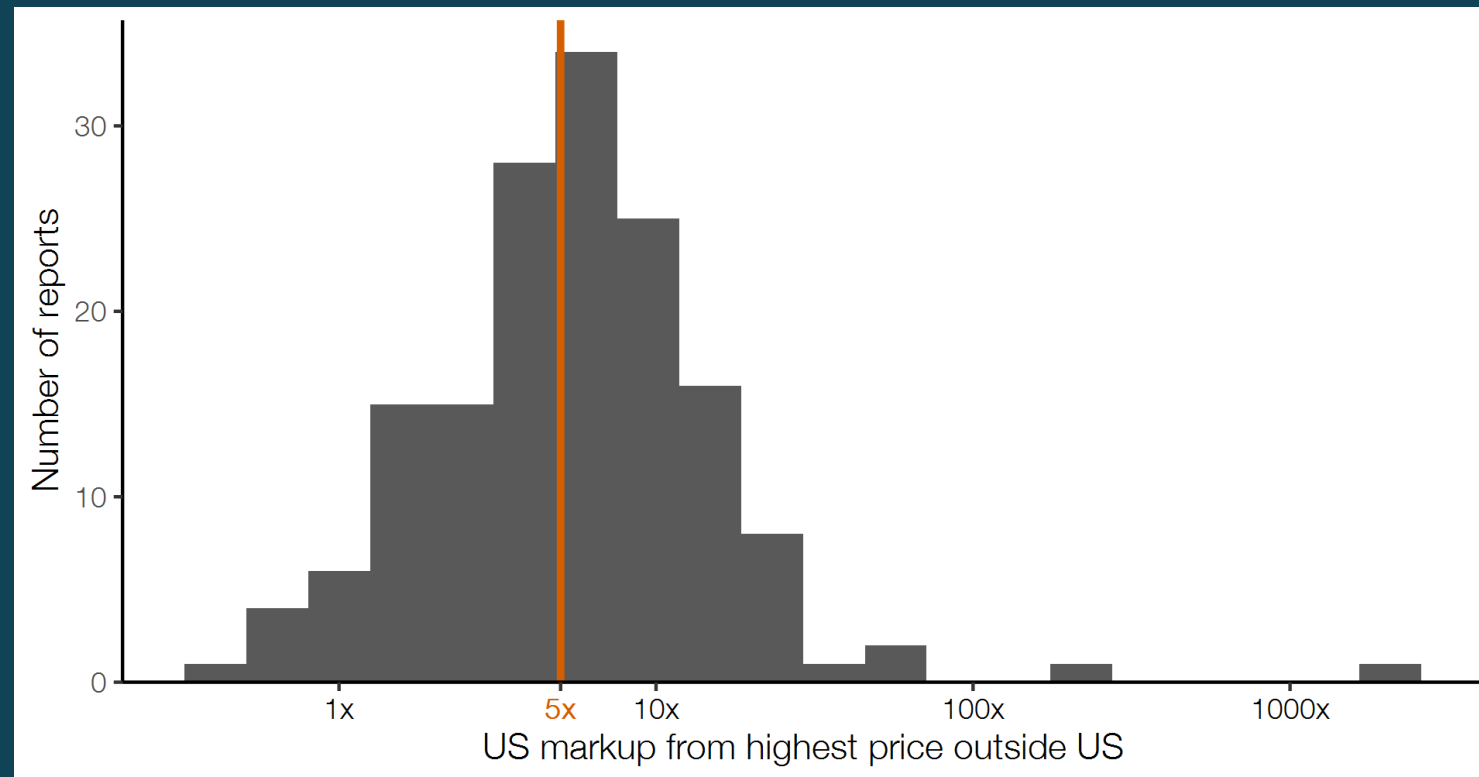
- New drugs – more than \$670 a month or course of treatment
- Annual price increase – drugs priced more than \$100/month with a 10% net yearly price increase

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

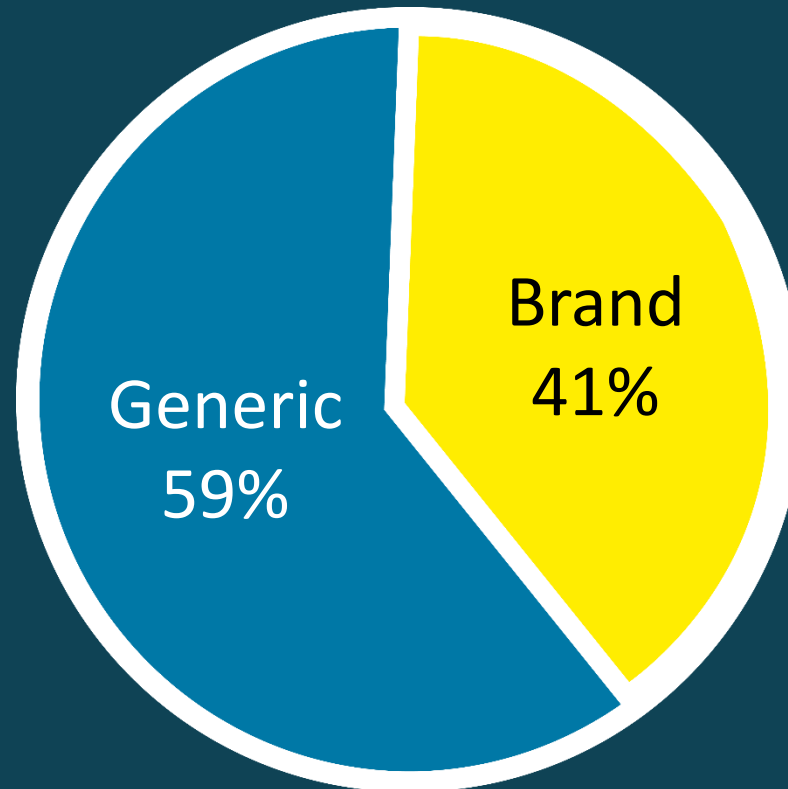
Patient Assistance Programs

- 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

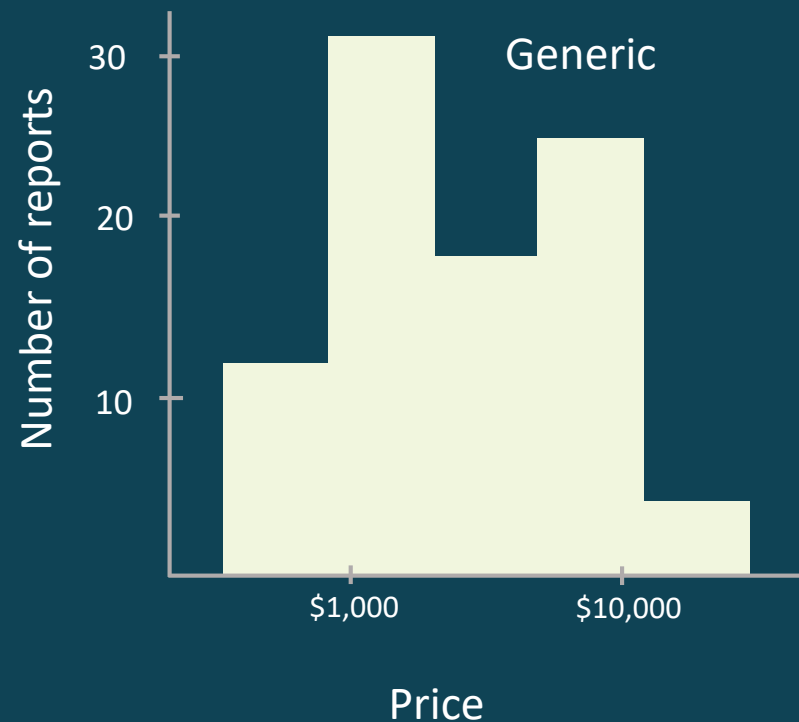


Graph: Percentage of new brand and generic drugs reported, November 2019

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

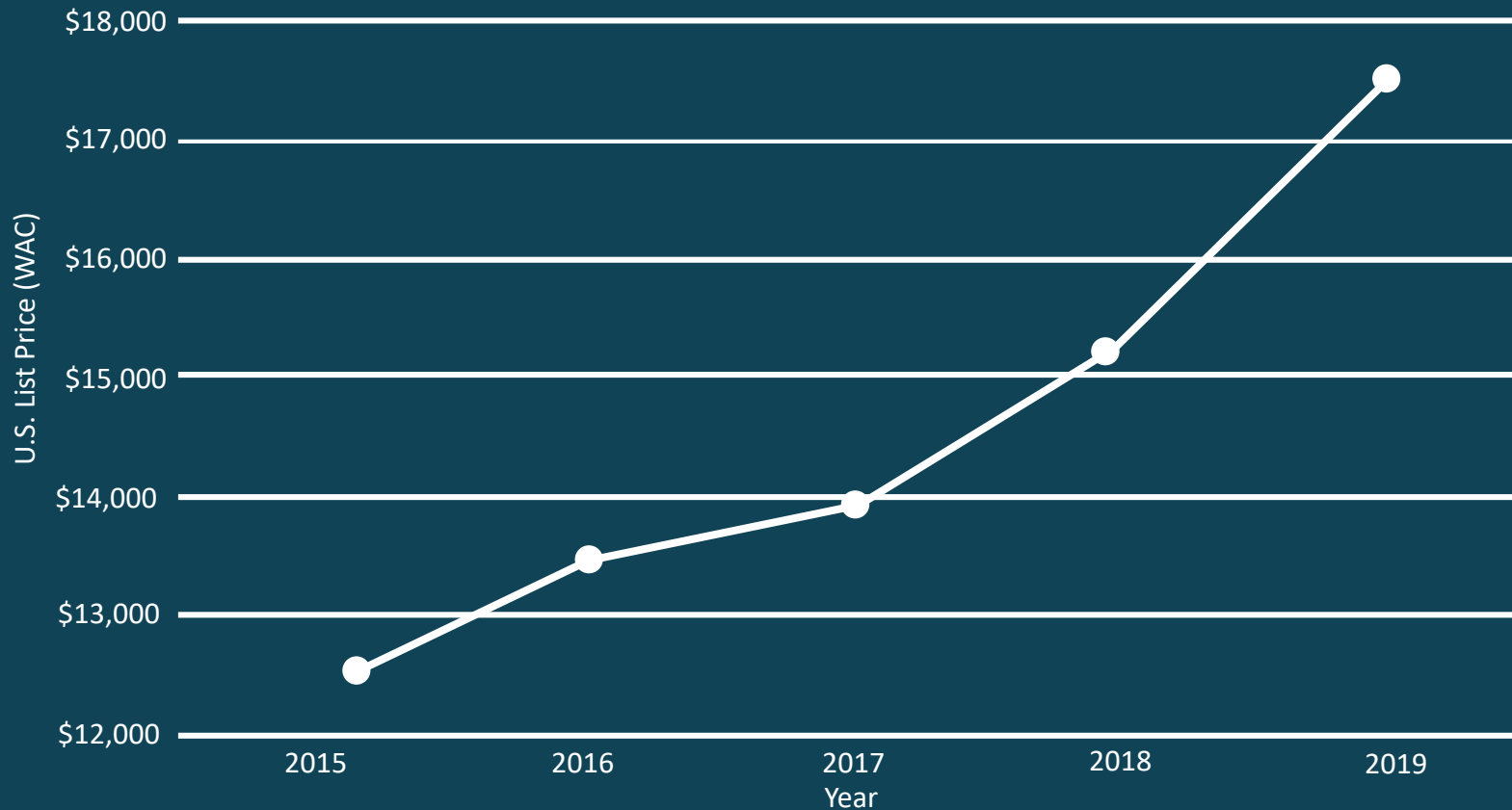
Business Factors

- 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

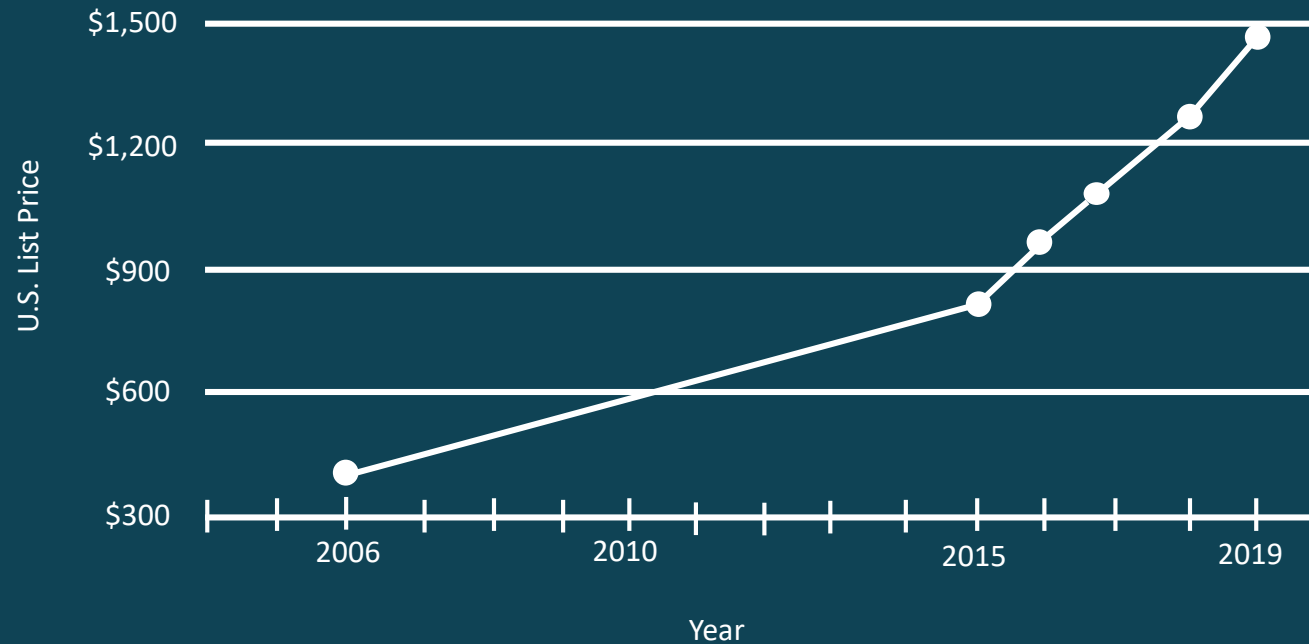


United States	\$17,555
Austria	\$3,518
Italy	\$3,508
UAE	\$3,077

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
- Email 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