

Controlling the Cost of Prescription Drugs: Consumer Perspective

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Well-known challenges



- Prescription drug price trends are not sustainable
- Older adults use a lot of prescription drugs and do not have the resources to absorb the high and growing associated costs
- Taxpayer-funded programs like Medicare and Medicaid are under increasing pressure

**** High drug prices affect everyone ****

Possible Medicare changes



- 92% of the public supports allowing Medicare to negotiate lower drug prices but...
- Modify Part D benefit design, including adding a hard OOP cap
 - Important to get it right to ensure that beneficiaries and the Medicare program are protected
- Part B has also been getting a hard look
 - Covers high-priced products with no meaningful competition
 - Largely unprotected from drug manufacturer pricing behavior

Importing products or prices



- *Product*: Administration released a final rule that will permit states or other actors to establish programs to import prescription drugs from Canada
 - VT, FL, CO, ME, NM, and NH have passed related laws
- *Price*: Administration proposed the creation of an International Pricing Index (IPI) in 2018; related EO released in mid-2020
 - Approach was also included in HR 3

Out-of-pocket or copay caps remain popular



- Understandably favored by patients facing high prescription drug costs
- However, have to be mindful that remaining cost will come back in form of higher premiums and cost-sharing down the road
 - Medicare Part D Senior Savings model premiums (\$59 vs. \$37)
- Far preferable to combine these efforts with solutions that will address prescription drug prices

Improving competition



- Increase availability of generics/biosimilars
- Prohibit pay-for-delay agreements
- Address patent abuses/evergreening
- Comparative effectiveness research (?)

“Go big or go home”

- Inflation-based rebates, similar to what’s under Medicaid
- Revisiting when/how patents and exclusivity are granted
- Revoking patents and/or exclusivity for bad behavior (e.g., compulsory licensing)



What does the future hold?

- Hard to overstate how much is riding on drug company behavior over the next year or two
- Issue will likely continue to get attention as more and more people become unable to afford their medications
- Additional challenges:
 - Impact of COVID-19
 - Fight over the Affordable Care Act



What if nothing changes?

- The costs associated with prescription drugs are not sustainable for patients or payers
- Efforts to reduce costs could save taxpayer-funded programs like Medicare and Medicaid billions of dollars
- Many patients will be unable to afford their prescription drugs if they do not receive some level of price relief

**** Innovation is meaningless if no one can afford to use it ****

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