Unpacking Policy Options to Promote Prescription Drug Affordability

Living longer and better is good
- But, it almost always costs something
- Prescription drugs help

Spending growing faster than the economy
- Don’t want to forgo roads, defense, retirement, education
- Higher taxation has a limit
- Drugs contribute to cost growth
SERIOUS PROBLEMS NEED DRAMATIC SOLUTIONS

PROVIDING BETTER HEALTH IS BECOMING UNAFFORDABLE

- Elderly Population Growing Faster Than Working Age Population (3% vs. ~ 0)
- Health Spending Growing Faster than GDP
- Prevention or behavior modification hasn’t meaningfully reduced costs
- New payment models slow to materialize
- Data capture/harmonization across sites of care not happening broadly

BUT, WE CAN’T AFFORD NOT TO IMPROVE HEALTHCARE

In one year alone, statins reduced numerous cases of cardiovascular related complications and saved thousands of lives.

- 60,000 HEART ATTACKS REDUCED
- 22,000 STROKES REDUCED
- 40,000 LIVES SAVED

The use of statins contributes to a reduction in healthcare costs.

- 41% increase in 5 year cancer survival rate since 1975
- 73% of recent cancer survival gains attributable to new medicines

Sources:

NEW TREATMENTS: IN A SYSTEM LARGELY BASED ON OLDER MEDICINES

- Risk management: ACA, Medicare part D
- Care delivery
- Primarily compensated with fee for service
- Lack interconnected data
- High cost sharing
- Mixed information
- Unpredictable expenses

Budget Holders

Providers

Health Plans

Patients

New Medicines: Specialty, High Cost per unit, High Unmet Need, Limited Alternatives

- Retiree & entitlement Costs
- Setting price, transparency

Health Plans
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New Medicines: Specialty, High Cost per unit, High Unmet Need, Limited Alternatives
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**PRESCRIPTION ABANDONMENT AND DELAY IN FILLS OF ANTICANCER AGENTS**

![Graph showing prescription abandonment and delay in fills of anticancer agents.](image)


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**BLOOD CANCER PATIENTS COST BURDEN**

![Graph showing blood cancer patients cost burden.](image)

CANCER PATIENTS’ TOP FINANCIAL CONCERNS

Source: Financial Hardship Associated with Cancer, Cancercare 2017

FUTURE DIRECTION IN RX POLICY AND PRACTICE

- **Price Controls & Rebates**: International referencing, limits on growth, pass through
- **Evidence Based Pricing & Transparency**: Clinical trial, Real World Evidence, Simplicity
- **Patient Cost Sharing**: Co-Pay, Deductible
- **High Cost Drug Risk Management**: Part D reforms to catastrophic spending, Exchange Risk Management
- **Pay for Outcomes**: Price based on health events or behaviors
FUTURE DIRECTION IN RX POLICY AND PRACTICE: IMPLICATIONS FOR HEALTH, BUSINESS PRACTICE AND COSTS

**Price Controls & Rebates**
- Supply of Treatments
- Budget
- Premium vs. Co-Pay

**Evidence Based Pricing & Transparency**
- Evidence is limited launch vs. real world
- Simple vs. nuisance transparency

**Patient Cost Sharing**
- People walk away from treatment
- Smart cost sharing across services

**High Cost Drug Risk Management**
- Plans and providers with tools to manage spending and negotiate
- Incidence of discounts

**Pay for Outcomes**
- Better alternative to cost plus
- Need simpler scaling

REFORMS NEED TO REFLECT CURRENT SCIENCE, PATIENT NEEDS.. AND BUDGET REALITY

**Deploy Evidence Collection And Sharing**
- Funded
- Disaggregated, sharable across sites
- Price and cost sharing transparency
- Create constant challenge of price and value

**Manage Total Health Costs**
- Service by service price setting isn’t solving the problem
- Premium support, block grants, managed care
- Push out control for risks and rewards
- Force choices between services

**No Payment Plus**
- Pay providers based on the service not a fraction of the cost of the drug

**Make Better Use of Cheap Care**
- Generic adherence and biosimilar uptake still poor
- Social and behavioral health