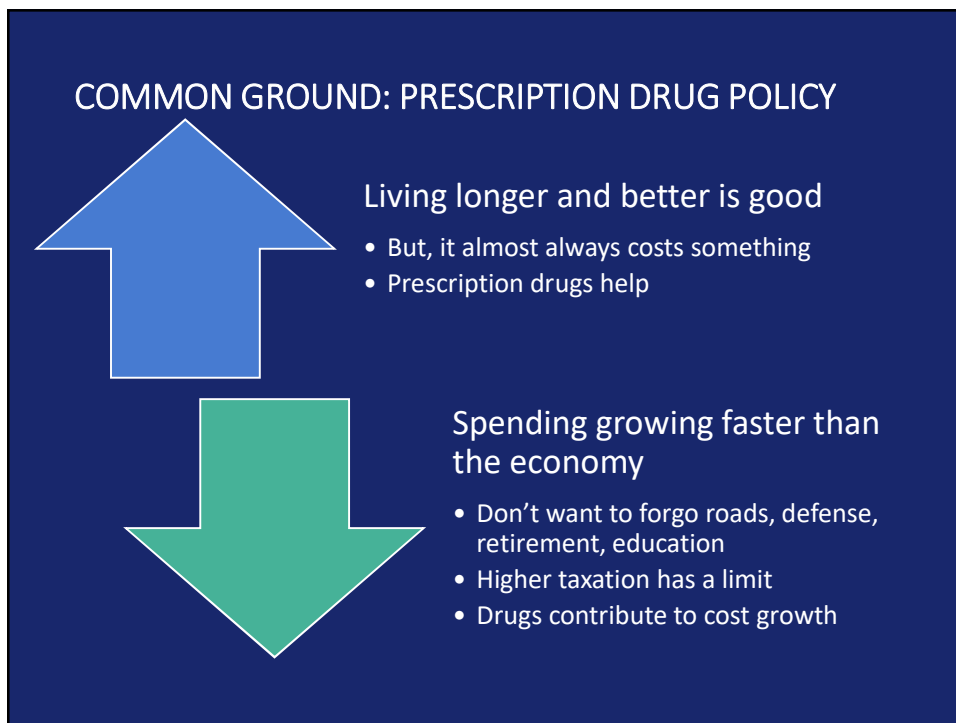
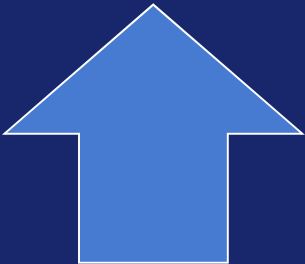




BIOMEDICAL INNOVATION: WHAT CAN WE AFFORD?  
VIEWS ON POLICY AND IMPLICATIONS  
UNPACKING POLICY OPTIONS TO PROMOTE PRESCRIPTION DRUG AFFORDABILITY  
KIRSTEN AXELSEN  
SEPTEMBER 27, 2019

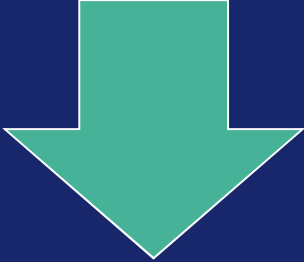


**COMMON GROUND: PRESCRIPTION DRUG POLICY**



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 correlates to a reduction in health care costs:



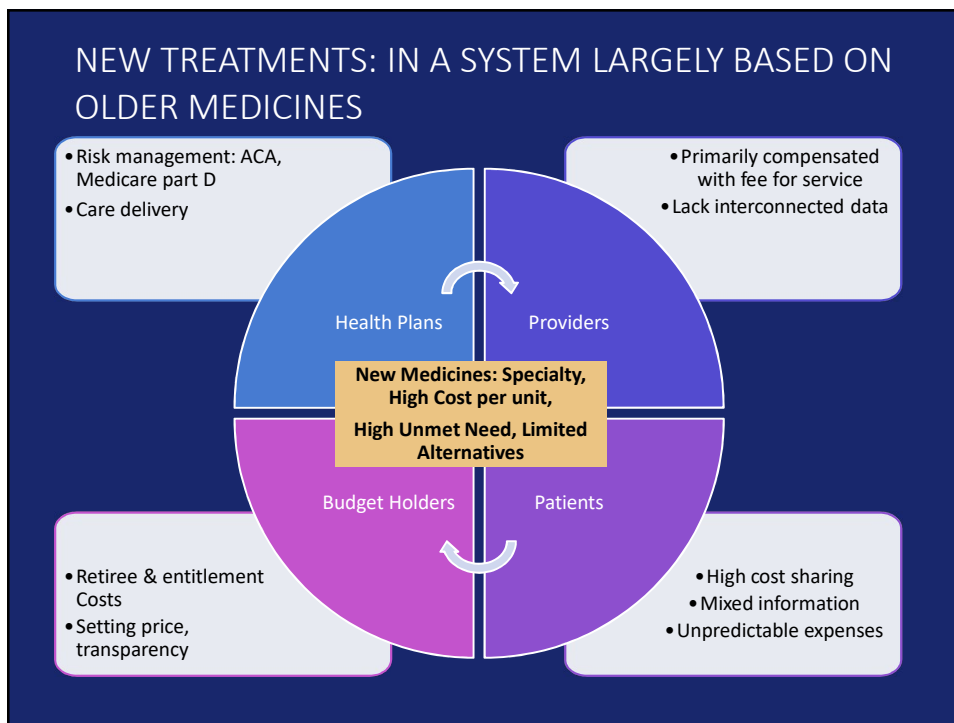
**27%**  
SAVINGS  
PER PATIENT

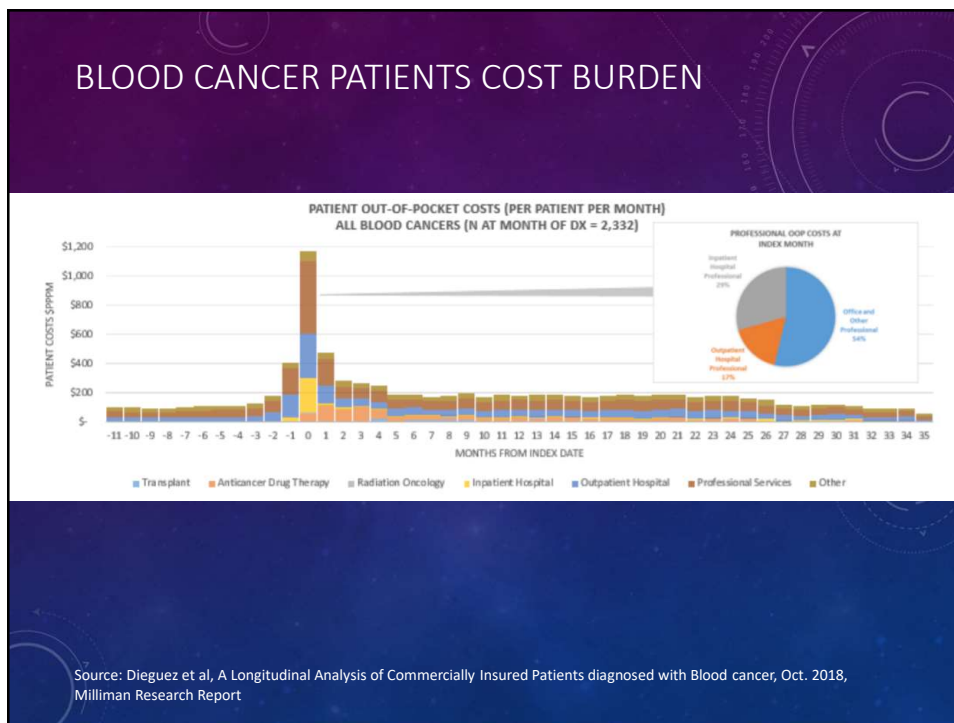
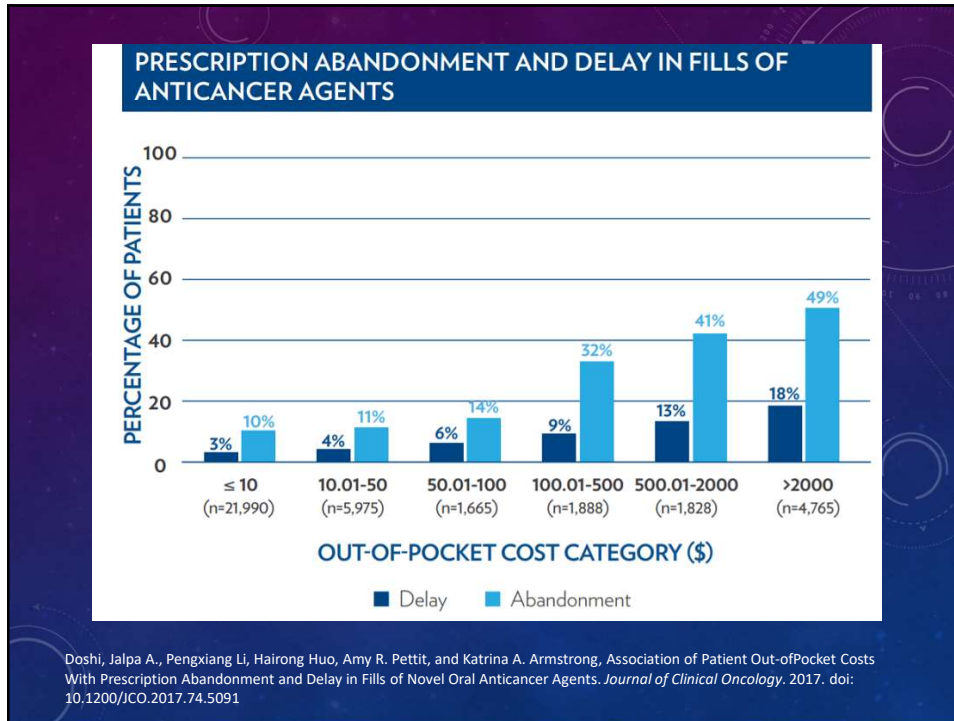


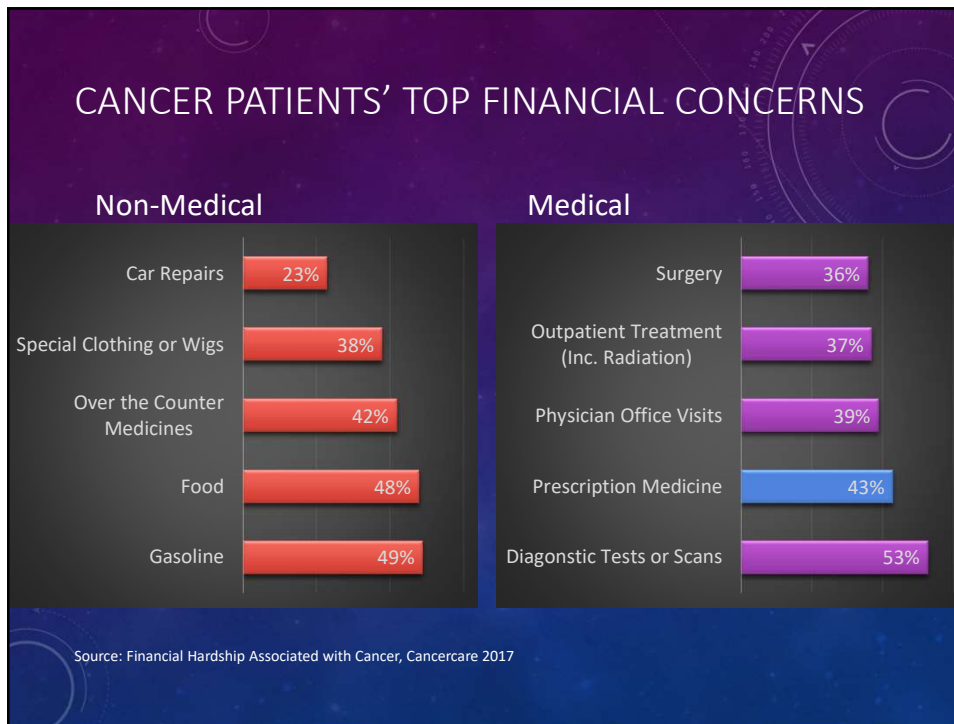
Sources:  
National Health Expenditures 2018, historical comparisons '17 vs. '11, projected '24 vs. '17 7 year average, American Cancer Society, "Cancer Facts & Figures 2019," <https://www.cancer.org/content/dam/cancer-org/research/cancer-facts-and-statistics/annual-cancer-facts-and-figures/2019/cancer-facts-and-figures-2019.pdf>. 2) S. Seabury, "Quantifying Gains in the War on Cancer Due to Improved Treatment and Earlier Detection," Forum for Health Economics and Policy 2016; 19(1): 141–156.



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







### FUTURE DIRECTION IN RX POLICY AND PRACTICE: IMPLICATIONS FOR HEALTH, BUSINESS PRACTICE AND COSTS

<b>Price Controls &amp; Rebates</b>	<ul style="list-style-type: none"> <li>• Supply of Treatments</li> <li>• Budget</li> <li>• Premium vs. Co-Pay</li> </ul>
<b>Evidence Based Pricing &amp; Transparency</b>	<ul style="list-style-type: none"> <li>• Evidence is limited launch vs. real world</li> <li>• Simple vs. nuisance transparency</li> </ul>
<b>Patient Cost Sharing</b>	<ul style="list-style-type: none"> <li>• People walk away from treatment</li> <li>• Smart cost sharing across services</li> </ul>
<b>High Cost Drug Risk Management</b>	<ul style="list-style-type: none"> <li>• Plans and providers with tools to manage spending and negotiate</li> <li>• Incidence of discounts</li> </ul>
<b>Pay for Outcomes</b>	<ul style="list-style-type: none"> <li>• Better alternative to cost plus</li> <li>• Need simpler scaling</li> </ul>

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

Deploy Evidence Collection And Sharing	Manage Total Health Costs	No Payment Plus	Make Better Use of Cheap Care
<ul style="list-style-type: none"> <li>• Funded</li> <li>• Disaggregated, sharable across sites</li> <li>• Price and cost sharing transparency</li> <li>• Create constant challenge of price and value</li> </ul>	<ul style="list-style-type: none"> <li>• Service by service price setting isn't solving the problem</li> <li>• Premium support, block grants, managed care</li> <li>• Push out control for risks and rewards</li> <li>• Force choices between services</li> </ul>	<ul style="list-style-type: none"> <li>• Pay providers based on the service not a fraction of the cost of the drug</li> </ul>	<ul style="list-style-type: none"> <li>• Generic adherence and biosimilar uptake still poor</li> <li>• Social and behavioral health</li> </ul>