

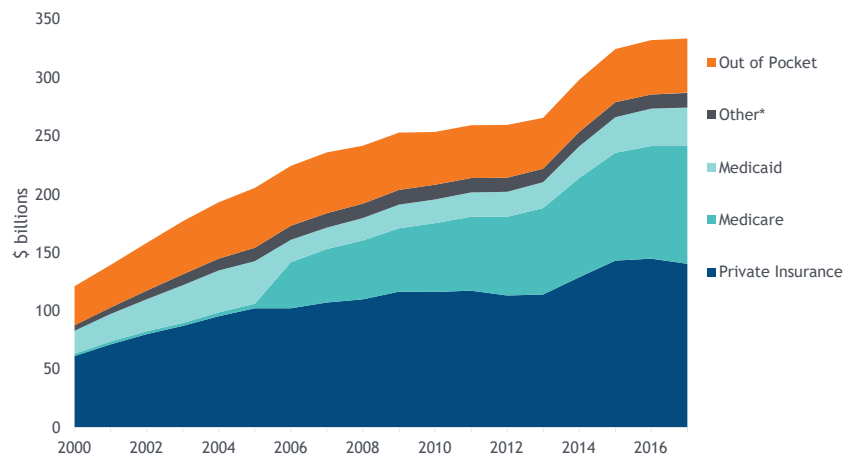
Alliance Briefing

September 27, 2019

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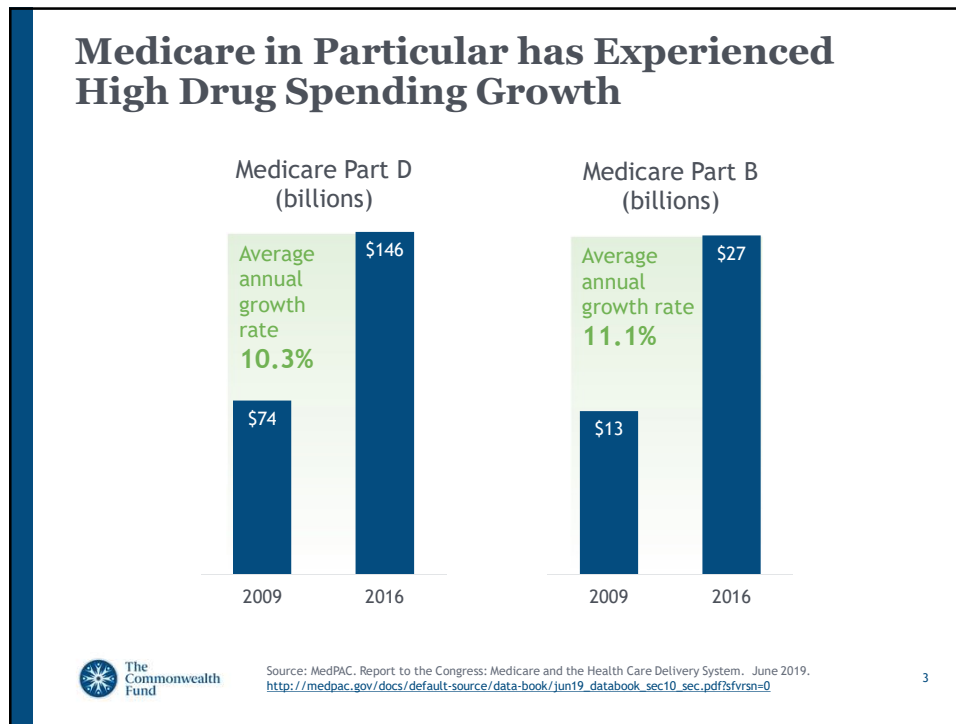


Drug Spending Is an Issue for Public and Private Payers Alike



SOURCE: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group.
*Other includes other public health programs, such as Children's Health Insurance Program (Titles XIX and XXI), Department of Defense, and Department of Veterans Affairs, and other third party payers, such as worksite health care, other private revenues, Indian Health Service, workers' compensation, general assistance, maternal and child health, vocational rehabilitation, other federal programs, Substance Abuse and Mental Health Services Administration, other state and local programs, and school health.

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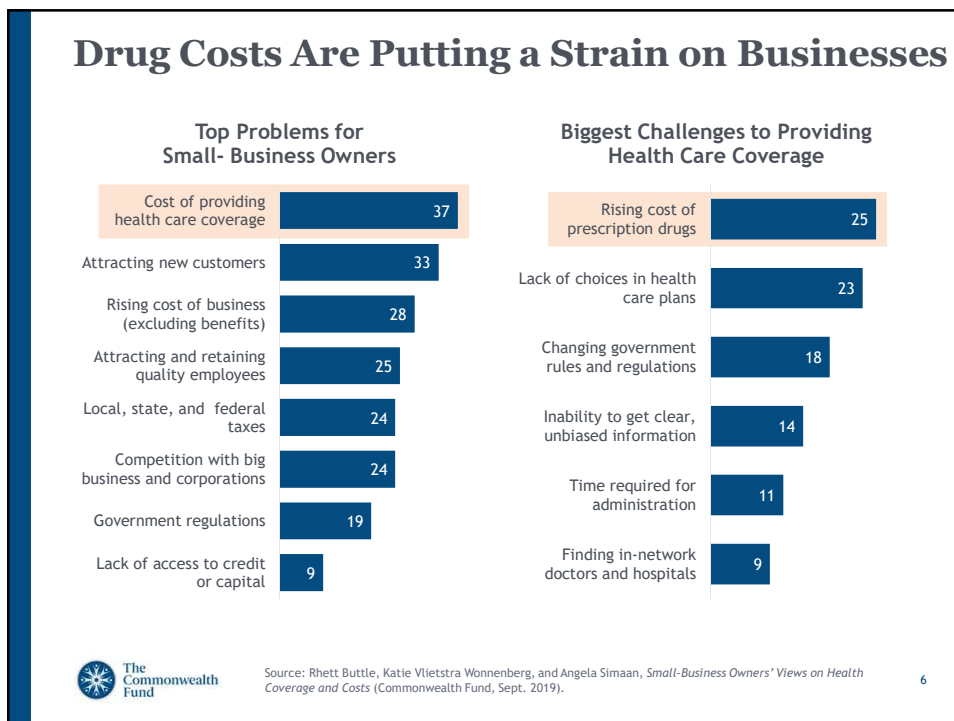
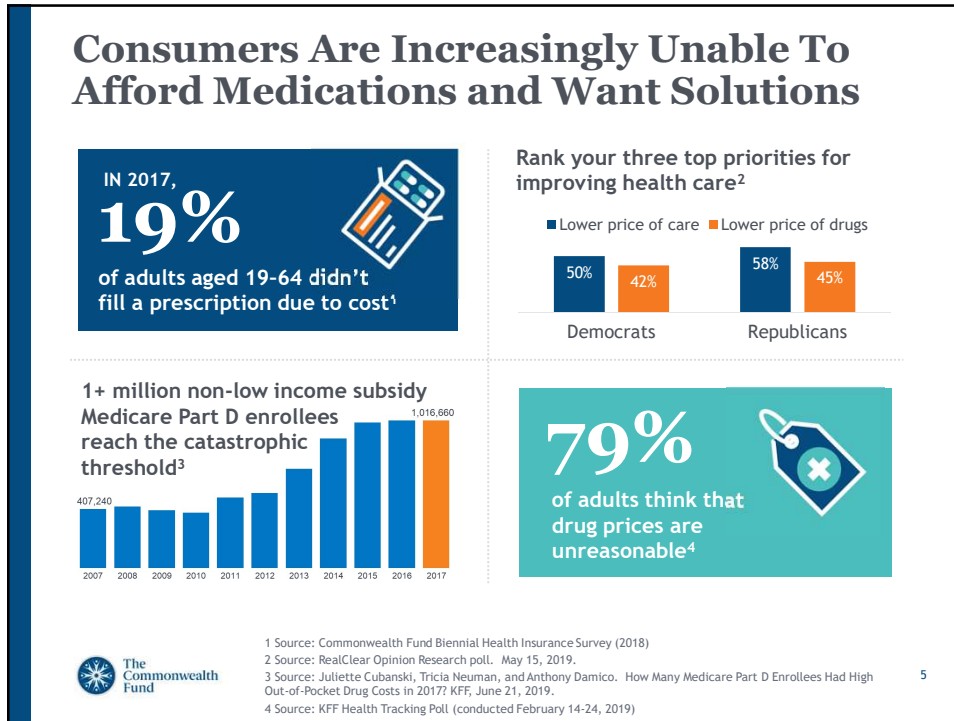


Drivers of Drug Spending Growth

- PRICING**
High launch prices not tied to value, price increases
- LACK OF COMPETITION**
Delayed generics, patent evergreening, lack of biosimilar adoption
- DRUG MIX**
Shift to high cost biologics, emerging “cures” and gene therapy
- UTILIZATION**
Aging population, increase in chronic disease

The Commonwealth Fund

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Goal: Rational Pricing that Ensures Access for Patients While Rewarding Innovation

INCORPORATE VALUE

- Prices should be based on evidence of efficacy, as most other developed countries do

PROMOTE COMPETITION

- End gaming by manufacturers that leads to prolonged monopolies
- Make it easier for companies to produce generics and biosimilars

