

Ceci Connolly

skyrocketing prescription drug crisis: action needed

The U.S. healthcare system faces growing cost pressures due to the unrelenting increase in prescription drug prices. Over the past 20 years, the cost of medications has more than doubled, from 7 percent to about 17 percent of all healthcare spending.^a Soaring drug prices are both a major contributor to overall healthcare costs and an impediment to providers and health plans looking to appropriately manage total cost of care.

If the trend continues, projections show that this problem will get worse. Patients, health plans, government programs, and other payers spent more than \$300 billion on prescription drugs in 2015, and spending is expected to climb to \$400 billion in 2020, according to IMS Health.^b

The trend is having a direct impact on patients. Studies show that half of all patients do not take their medications as prescribed and more than 20 percent of new prescriptions go unfilled—and the main reason is cost. We must address rising drug prices to ensure the healthcare system is sustainable and affordable and works for patients and health plans alike.

How Washington Is Responding

The good news is that Washington appears to be paying attention. After declaring that drug makers are “getting away with murder,” President Donald Trump assembled a Drug Pricing and Innovation Working Group. A leaked version of the group’s draft executive order unfortunately does not appear to bring pricing relief to patients

a. Tuttle, B., “21 Incredibly Disturbing Facts About High Prescription Drug Prices,” *Money*, June 22, 2016.

b. QuintilsIMS, “IMS Health Study: U.S. Drug Spending Growth Reaches 8.5 Percent in 2015” News and Events, April 14, 2016

and health plans. We hope the president will continue to search for strategies that address the underlying price problem.

There has been action on other fronts in Washington. U.S. Department of Health and Human Services (HHS) Secretary Tom Price, MD, has discussed drug affordability with pharmacists, providers, pharmacy benefit managers, and drug pricing advocates. And members of Congress on both sides of the aisle are taking important steps to change the cost trajectory. In fact, the Senate Health, Education, Labor and Pensions (HELP) Committee recently held the first of three hearings on drug pricing focused on how the drug delivery system affects what patients pay.

Legislation introduced by Sens. John McCain (R-Ariz) and Tammy Baldwin (D-Wis) would bring much-needed transparency to how drug companies set prices. The Fair Accountability and Innovative Research Drug Pricing Act of 2017 would require manufacturers to disclose information about price increases and to report R&D costs. It also would require them to provide HHS with a 30-day warning before increasing the price of certain drugs and a justification for each increase.

Other legislation, introduced by Sen. Ron Wyden (D-Ore), likewise would increase transparency by tracking sudden, unexplained increases in commonly prescribed therapies. Under the Stopping the Pharmaceutical Industry from Keeping Drugs Expensive (SPIKE) Act, HHS would notify companies when a drug’s price increases beyond certain benchmarks, and those whose drugs exceed the benchmarks would have to publicly report a credible justification or lower the price.

The Need for Transparency—and Action

Consumers deserve an explanation for soaring prescription drug prices—and basic transparency will begin to hold drug makers accountable. Transparency can help patients better communicate with their physicians and understand what they are getting for their healthcare dollar. Soaring prices are not necessarily tied to rising R&D costs, rising American wages, or changes in inflation rates as some suggest. Instead, a lack of real competition and minimal oversight creates a system that allows manufacturers to get away with sudden, arbitrary price increases. It’s time for Congress to take a hard look at current laws that prevent competition and protect the current unsustainable system.

Although there is little support for price controls, there are straightforward ways to foster competition. One way is to increase access to generics and improve the entry of biosimilar products into the market. Streamlining the FDA’s drug-approval process would ensure affordable alternatives are readily available. This path is important to consider given the need for Congress to reauthorize two existing laws—the FDA Generic User Fee Act and the Biosimilar User Fee Act—by September 30. The reauthorization is critical to providing the FDA with the resources it needs to review the safety of generic and biosimilar products in a timely manner and clear up the backlog in generic drug applications, thereby fostering marketplace competition and helping alleviate drug shortages.

Additional bipartisan legislation, the Creating and Restoring Equal Access to Equivalent Samples (CREATES) Act of 2017, also would help spur competition. Introduced by Sen. Patrick Leahy (D-Vt), the CREATES Act would prevent tactics used to delay generic competition. Having an effective and competitive market that offers multiple affordable prescription drug options would benefit patients and consumers alike.

The Need for Stakeholder Involvement

Consumer and provider groups, pharmacists, employers, and health plans also have come together to foster a national dialogue focused on

the issue of drug pricing. The Campaign for Sustainable Rx Pricing (CSRxP) is a nonpartisan coalition informing the drug pricing debate and finding bipartisan, market-based solutions to lower U.S. drug prices. CSRxP recently launched a nationwide campaign of online ads and grassroots initiatives to tell the stories of patients, providers, pharmacists, businesses, and taxpayers who feel the consequences of rising drug prices every day and hold Big Pharma accountable.

Health plans and providers also have a role to play in helping consumers find affordable treatments. Capital District Physicians Health Plan in Albany, N.Y., for example, is using pharmaceutical sales representatives to educate providers on the cost of drugs and the most effective and affordable treatments. In one case, the efforts have resulted in providers prescribing a generic alternative and saving nearly \$5 million in one year. Health plans also are making online tools available to help patients shop for the best medications at the best price. HealthPartners in Minneapolis, Minn., is partnering with GoodRx to offer patients a tool for calculating real-time prices and out-of-pocket costs, based on their benefits. The calculator also shows the cost to the health plan. By choosing the lowest-cost option, consumers save money on the front end and help lower health plan costs in the long-run.

Ultimately, everyone will pay the price if these cost trends are not addressed. Consumers will be unable to afford high out-of-pocket drug expenses; physicians will see patients skip medications and avoid filling prescriptions; insurers may struggle to keep premiums affordable; and employers may be forced to cut other benefits. Americans deserve a healthcare system that encourages innovation, is transparent on drug pricing, and allows for access to affordable and quality care. The time to act is now. ■

Ceci Connolly is president and CEO, Alliance of Community Health Plans, Washington, D.C., a former national health correspondent for *The Washington Post*, and author of the book *Landmark: The Inside Story of America’s New Healthcare Law*.