



# Improve Seniors' Access to Low-Cost Medicines in Part D

Cosponsor the Ensuring Access to Lower-Cost Medicines for Seniors Act (H.R. 4913)

The Ensuring Access to Lower-Cost Medicines for Seniors Act (H.R. 4913), introduced by Rep. David McKinley (R-WV) and Rep. Ann Kuster (D-NH), would ensure seniors are able to access and fully benefit from low-cost generics and biosimilars through the Medicare Part D program. Specifically, it would ensure new generics and biosimilars are covered upon launch, provide that generics are placed only on generic tiers with lower cost-sharing and not the higher cost-sharing tiers, and establish a new specialty tier for biosimilars and specialty generics. **AAM supports the Ensuring Access to Lower-Cost Medicines for Seniors Act (H.R. 4913).**

**With this bipartisan legislation, seniors could save as much as \$4 billion a year in lower out-of-pocket costs.**

- Seniors are shouldering more of the out-of-pocket costs for generic drugs.
- Avalere Health found seniors could save \$4 billion a year if all generics are placed on generic tiers.<sup>1</sup>

**Estimated Beneficiary Savings Under a CMS Policy Requiring Generic Drugs on Generic Tiers, 2016–2019\***



\*Savings applies to beneficiaries taking generic medications.

**Seniors in Part D are finding it harder to access more affordable generics and biosimilars.**

- In recent years, new generics and biosimilars are not being covered under Part D, and patients are unable to access these lower-cost medicines.
- Recent analysis from AAM found roughly 40% of first generics are not covered three years after launch.<sup>2</sup>

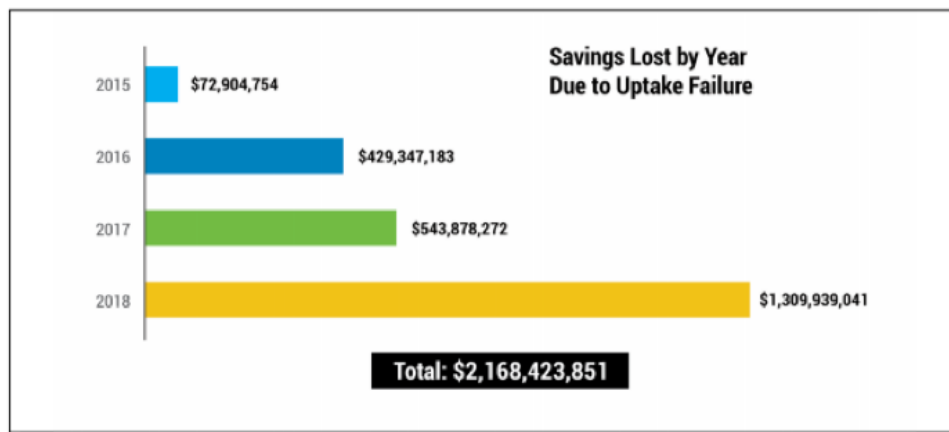
## Percentage of First Generics Covered on Medicare Part D Formularies, By Plan Year and Launch Year 2016-2019

Launch Year	Medicare Part D Plan Year			
	2016	2017	2018	2019
2016	22%	31%	63%	58%
2017		13%	28%	58%
2018			17%	27%

Source: Formulary data as of September in each plan. 2019 data is for the most recent months available. Analysis excluded coverage of 2019 launches that may be added to formulary through mid-year formulary updates permitted by CMS.

### Biosimilars, currently disadvantaged by the rebate trap, would benefit.

- Too often, brand-name pharmaceutical companies increase prices and then leverage rebates to exclude lower-priced generics and biosimilars from Part D coverage. This type of arrangement is known as the rebate trap – where the value of brand-drug rebates is worth more than the savings provided from a generic or biosimilar with a lower net price.
  - As a result, patient access to lower-priced generic or biosimilar medicines can be limited or blocked altogether.
- The FDA has approved 23 biosimilars to date. However, only 9 are available to patients and only one biosimilar has gained significant market uptake.
  - As a result of this lack of uptake, patients and the health care system have lost out on nearly \$2.2 billion in savings since 2015.<sup>3</sup>
- These policies ensure that the Medicare Part D policies are designed to appropriately encourage coverage and utilization of lower-priced generic and biosimilar medicines.

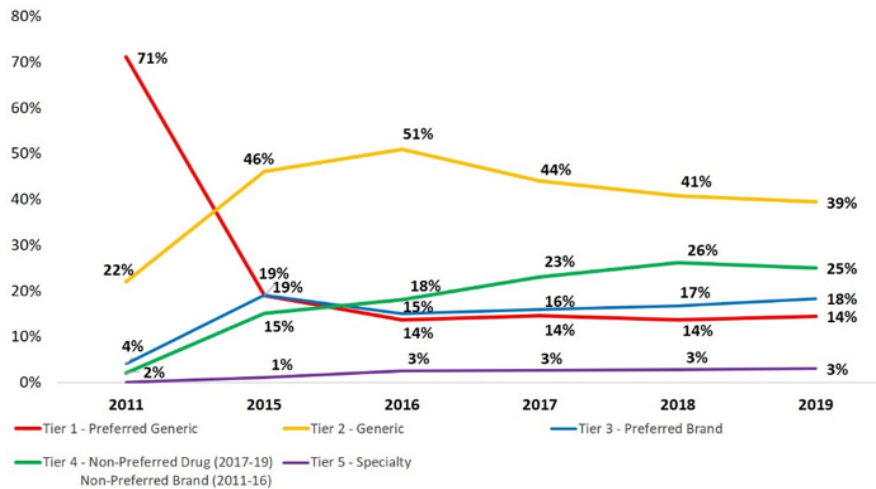


AAM Analysis

### Seniors are increasingly paying more out-of-pocket for the same medicine.

- Compounding the problem, when these more affordable medicines are covered, generics and biosimilars are increasingly being placed on higher cost-sharing tiers.
  - Avalere found 71% of all generics were on the lowest cost-sharing tier in 2011.<sup>4</sup> Today, only 14% of generics are on Tier 1.
  - As a result of this trend, seniors paid more than \$22 billion in additional costs.

## Percent Distribution of All Generic Drugs Across Medicare Part D Formulary Tiers, 2011–2019\*



### We can reverse this trend and deliver immediate savings to seniors at the pharmacy counter.

- Specifically, the Ensuring Access to Lower-Cost Medicines for Seniors Act:
  - Ensures generics and biosimilars are covered upon launch;
  - Places generics on generic tiers only, and not on the higher cost-sharing tiers designed for brand drugs; and,
  - Creates a new specialty tier to ensure patients are able to access generics and biosimilars at a lower cost.
  - These policies ensure that the Medicare Part D policies are designed to appropriately encourage coverage and utilization of lower-priced generic and biosimilar medicines.

### Cosponsor the Ensuring Access to Lower-Cost Medicines for Seniors Act (H.R. 4913)!

#### For more information, contact:

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## References

1. Avalere "Medicare Part D Generic Drug Tiering Request for Comment: Implications for Patient Out-of-Pocket Spending and Part D Plan Costs," February 2019 ([Link](#)).
2. AAM "White Paper: Access Denied: Why New Generics Are Not Reaching America's Seniors," October 2019 ([Link](#)).
3. Biosimilars Council "Biosimilars Uptake Failure," September 2019 ([Link](#)).
4. Avalere "Seniors Pay More for Medicare Part D Generics Despite Stable Prices," May 2018 ([Link](#)).