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Association for Accessible Medicines

How to Talk About Drug Prices

A Reference Guide for
Effective Communications
Strategy

A Primer on Rising Drug Costs

Families all over the country are feeling the pain of high brand drug prices, and they're paying attention to what you have to say on the issue.

A May 2018 Kaiser Health News poll reported that 78 percent of Democratic voters, 72 percent of Independent voters and 66 percent of Republican voters say they are more likely to vote for a candidate who supports bringing down prescription drug costs.¹

Brand drugs are responsible for **77 percent** of all prescription drug spending yet are only **10 percent** of the prescriptions filled in this country. Brand drug prices start high and keep getting higher through constant increases.² Unfortunately, voters are hit hard twice by these high prices. First, patients absorb these costs when they fill a prescription at the pharmacy and through higher health insurance

costs. Second, patients foot the bill as taxpayers for increased prescription drug spending in Medicare and Medicaid.

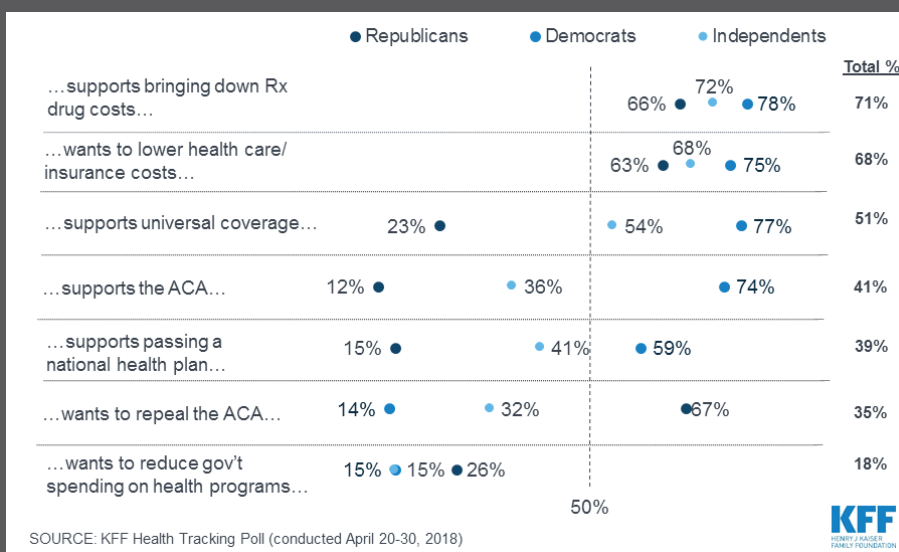
A recent report shows the average annual price of specialty drugs—the largest drivers of spending—has tripled over the last 10 years to more than \$52,000.³

Several examples illustrate this trend:⁴

- **Restasis®**, a dry eye treatment, **increased by 74 percent**
- **Humira®**, used for rheumatoid arthritis and other chronic diseases, **increased by 122 percent**
- **Novolog®**, an insulin medication for diabetics, **increased by 114 percent**
- **Revlimid®**, a top-selling cancer drug, **increased by 79 percent**⁵

Partisan Voters Support Candidates Bringing Down Health Care Costs

Percent of registered voters who say that if candidate for Congress... it would make them more likely to vote for that candidate:



What's Driving High Brand Drug Prices?

- High launch prices
- Year-over-year price increases
- Abuse of the patent system



Generic and biosimilar medicines are part of the solution

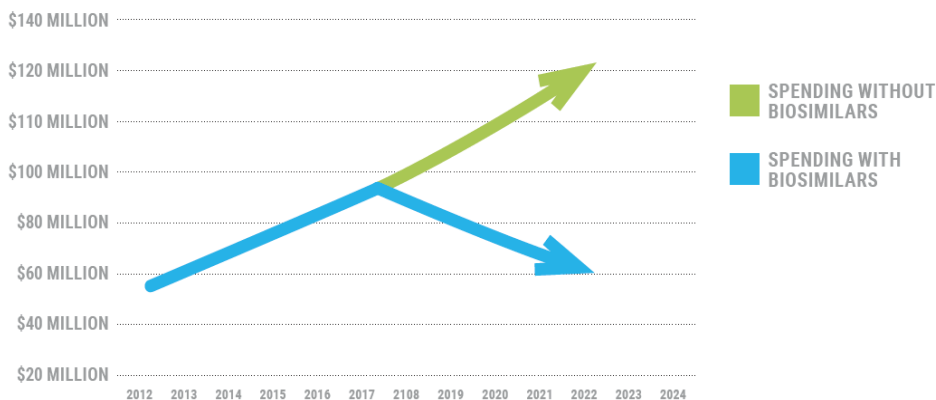
Generic and biosimilar medicines are FDA-approved alternatives to expensive brand drugs. Generics contain the same active ingredients, in the same strength, as brand drugs. They are marketed under the drug's chemical, or "generic," name and meet the same FDA quality and effectiveness standards as the original. By law, most brand drugs have some period of monopoly protection, in the form of "exclusivity" or patents, that delay FDA's approval of the generic version of the drug.

A biosimilar is highly similar to and has no clinically meaningful differences from an FDA-approved biologic. These medications are composed of complex molecules that differ from standard small-

molecule generic medicines and they treat a wide variety of chronic diseases. Biosimilars are more affordable alternatives to high-cost biologics, like Humira®, which costs \$38,000 a year.

Currently, the FDA has approved 11 biosimilars,⁶ but only four are on the market. A number of market forces, including abuses of the patent system by brand biologic companies to extend monopolies, are blocking patients from accessing these affordable, life-saving medicines. Just as generic medicines make health care more accessible for patients, biosimilars promise significant savings—more than \$54 billion over the next 10 years—if policies are enacted that ensure entry and coverage of these important medicines.

Biosimilar Savings: Impact of Biosimilars on Projected Spending for 11 Biologics



Source: Express Scripts

Great Promise

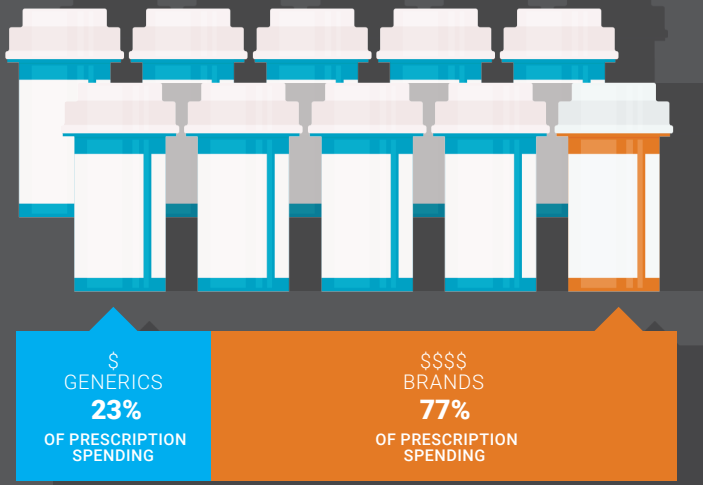
Biosimilars have the potential to improve the quality of life for American patients while at the same time saving the health system billions of dollars each year — provided that the right policies are in place to nurture a robust marketplace. Congress must act to cultivate an ideal regulatory and economic climate for biosimilars to thrive.

Patients benefit from access to generic and biosimilar medicines

A generic or biosimilar medicine translates to substantial savings for both patients and taxpayers. **In 2017 alone, FDA-approved generic alternatives to brand drugs saved Medicare patients on average \$1,952, or \$162 a month.**⁷ Because of the high price

of brand drugs, patients abandon their prescriptions at the pharmacy three times more often than with generic medicines. This is a critical public health issue. Patients who take their medicines as prescribed typically experience better health outcomes and cost the health care system less overall.

Generics Account for 9 out of 10 Prescriptions Filled in the U.S.



Brand Drugs Represent Only 10% of Prescriptions but 77% of Prescription Spending

When both brand and generic versions of the prescribed medication were available, the generic was chosen 97 percent of the time.

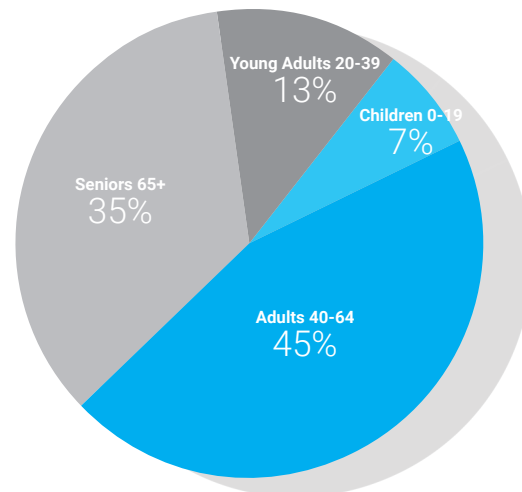
Source: 2018 AAM Savings & Access Report

Generic Medicines Used by Seniors Account for 1/3 of Savings

Taken together, medicines taken by older adults (40-64 years old) and seniors account for 80 percent of the \$265 billion in savings generated by generics in 2017.

Source: 2018 AAM Savings & Access Report

2017 Generic Savings by Patient Age



How to Talk About Drug Prices

Voters are asking questions about the rising cost of prescription drugs, and some proposed solutions may not succeed in bringing immediate relief to American families who rely on their prescription medications. There are a number of common-sense, achievable changes that can be easily communicated to voters. Below are some suggested answers to commonly asked questions.

Why do drug prices keep rising?

- **Monopoly pricing:** When brand drugs or biologics enter the market, they often experience no competition for many years depending on the amount of patent life or exclusivity remaining. During this time, brand pharmaceutical companies can raise their prices with no threat of competition.
- **Patent gamesmanship:** Some brand drug companies hinder competition by taking advantage of the patent process by creating “patent thickets” that delay patient access to generic and biosimilar medicines. This results in more revenue for the brand pharmaceutical companies, while patients pay high prices for longer periods of time.
- **Anti-competitive tactics:** Certain brand pharmaceutical companies prevent competition by blocking the ability of manufacturers to produce generic and biosimilar alternatives. Generic and biosimilar manufacturers need access to samples of the brand product in order to conduct the testing required for FDA approval. Development delays related to restricted access to samples cost patients and taxpayers more than \$5 billion each year.⁸

What can be done to lower drug prices?

- **Competition:** The one proven way to reduce drug prices. When multiple generics are competing against brand drugs, the cost to patients and taxpayers falls by 85 percent according to the FDA.⁹ Unfortunately, many brand companies have been gaming various well-intentioned systems as a means of keeping competition off the market¹⁰ and we all pay high drug prices for longer as a result.

- **“End the Shenanigans:”**¹¹ Removing the hurdles that brand companies use to keep lower-cost generics and biosimilars off the market would be a good, bipartisan first step with a real effect on the prices that patients pay for the drugs that they need.

What policies should I support to decrease drug prices?

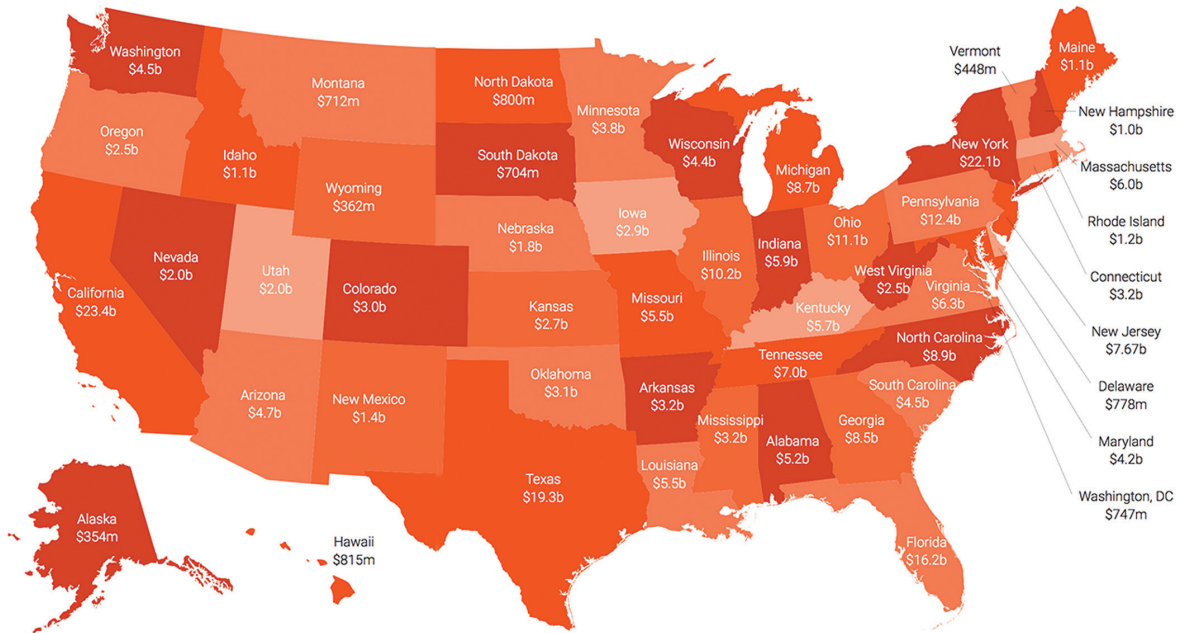
Those that:

- Establish a regulatory and legislative climate in the United States that puts an end to anticompetitive efforts to delay generic and biosimilar entry.
- Maintain strong intellectual property standards that protect truly innovative patents and prevent patent thickets that delay generic and biosimilar entry.
- End market abuses and support adoption of lower-cost generic and biosimilar medicines.

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2017 State-by-State Savings



Source: 2018 AAM Savings & Access Report

To learn more, go to www.rxaccessreport.us

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