Addressing Drug Prices and their Impact

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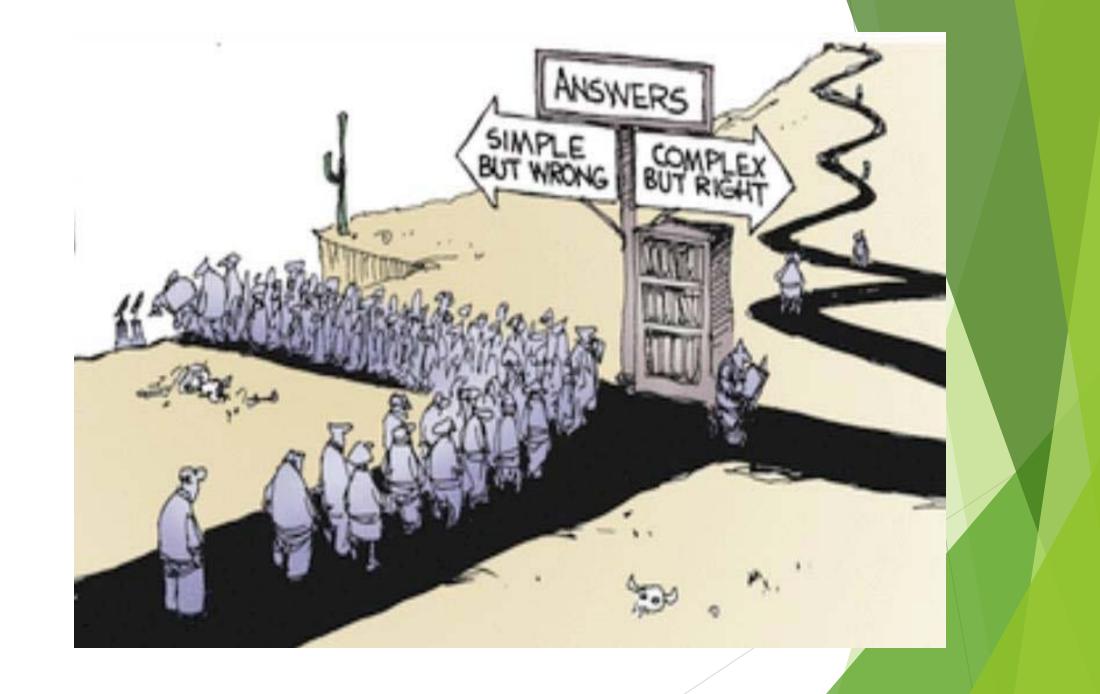
For every complex problem there is a simple solution...and it is wrong more often than not

The problem - what it is, and what it's not

A tale of three drugs

"Simple solutions" with questionable long term impact

Longer term solutions worth pursuing



The Problem: Drug Pricing

- Manufacturers are price setters, the rest of us (mostly) are "price takers"
- Pricing power through government granted monopolies, exclusivity, trade agreements etc.: "don't mess with our profits or you will stifle innovation, people will die..."
- Pricing based on "what the market will bear"; continually testing the limits – unrelated to R&D costs, manufacturing costs, impact on health or public health
- Price gouging" (because they can) vs. "stifling innovation"

A Tale of Three Drugs: Three Manifestations of the Problem

Harvoni/Sovaldi/ViekeraPak





"Simple Solutions"

- ► Reimportation
- "Innovative insurance design"
- Protect consumers e.g. through caps on cost sharing
 ignores impact on premiums
- *Long-term financing" (of short-term-use agents), e.g. the "mortgage" model
- Expand manufacturer "patient assistance" programs
- Allow Medicare to negotiate prices

Two choices: fix the market, so we have a competitive (not anti-competitive) market, OR face the eventuality of regulated pricing

Solutions Worth Pursuing:

- Transparency: essential for a functioning market
- Post-market surveillance enforcement substantiate claims, especially with expedited release
- Regulatory reform update: until the FDA's hands
- Examine trade agreements re impact on US consumer access to prescription drugs/devices
- Explore value- or outcomes-based payment models - requires multi-stakeholder agreement on definition of "value"
- Fix Medicaid Best Price and it's impact on other purchasers
- ► And, "the dream".. campaign finance reform....