

Curbing Unfair Drug Prices in Connecticut

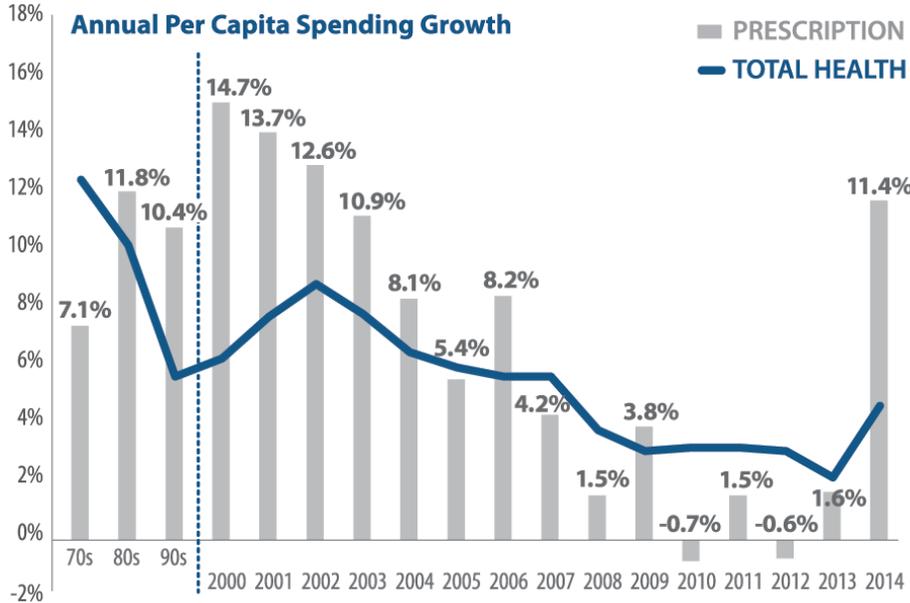
Connecticut Healthcare Cabinet Meeting

September 12, 2017

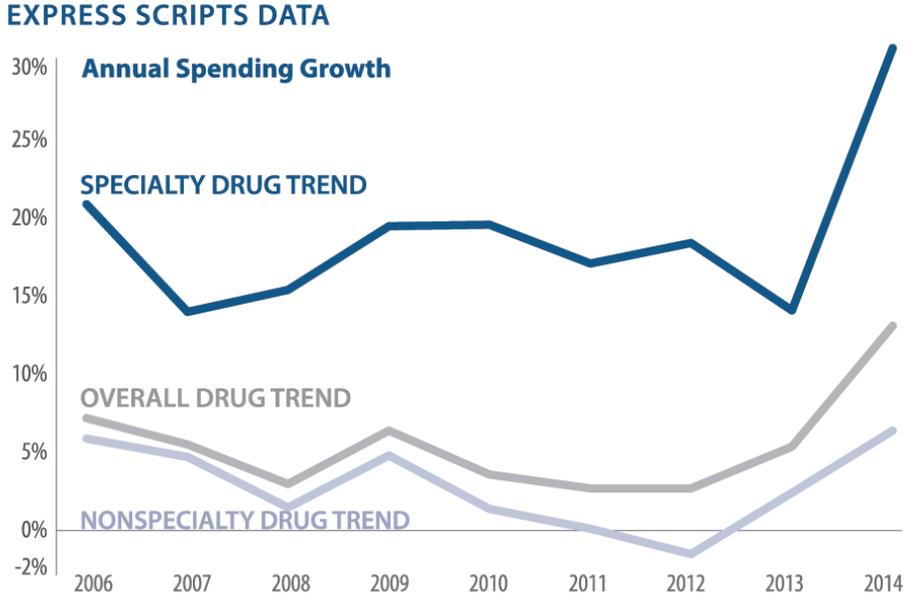
Prescription drugs make up a significant and growing share of overall health spending

RECENT TRENDS IN PRESCRIPTION DRUG COSTS

After Several Years of Modest Growth, Prescription Drug Spending Rose Sharply in 2014



Costly New Specialty Drugs Such as Hepatitis C and Cancer Drugs Are a Major Driver of Spending



Prescription drug costs are projected to grow more modestly in coming years, averaging about 5% annual per capita growth through 2024.

Authors: Cynthia Cox, MPH; Rabah Kamal, Anne Jankiewicz, and David Rousseau, MPH; for the Kaiser Family Foundation

Source: Kaiser Family Foundation analysis. Original data and detailed source information are available at http://kff.org/JAMA_04-05-2016.
Please cite as: JAMA. 2016;315(13):1326. 10.1001/jama.2016.2646

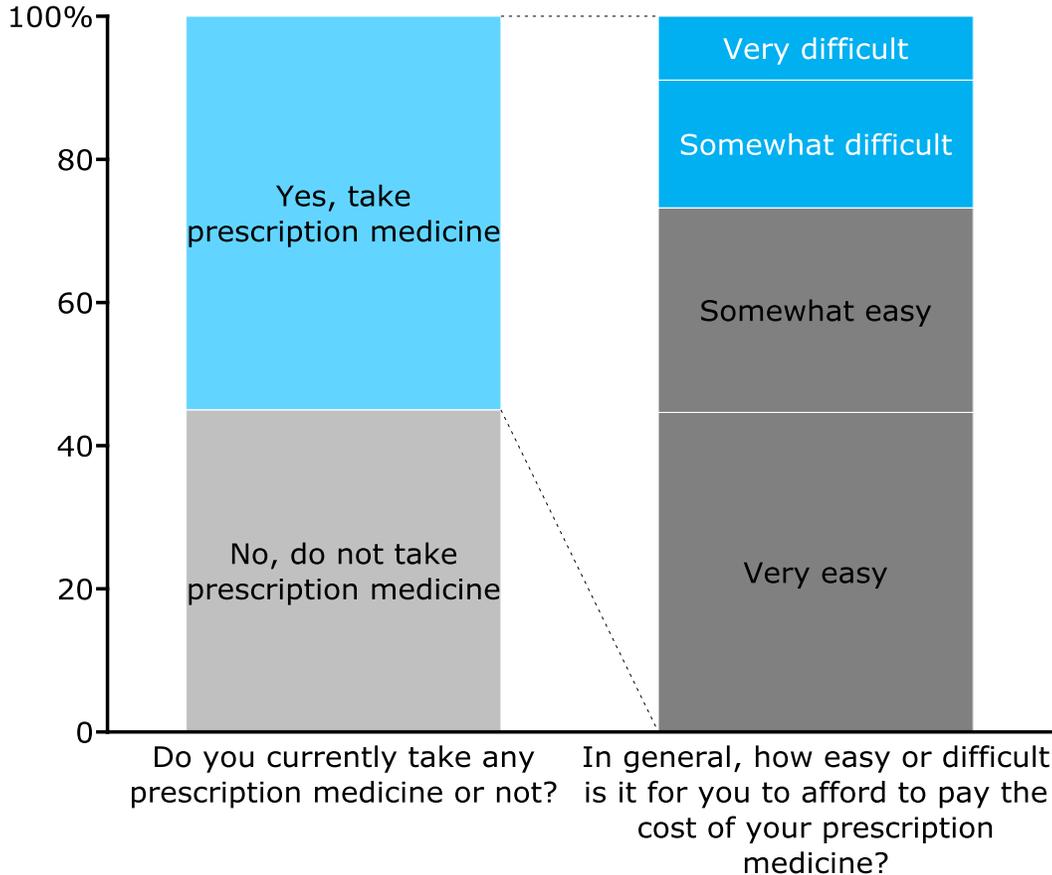


The JAMA Network

The rising costs of prescription drugs is having a negative effect on consumers and most Americans want action

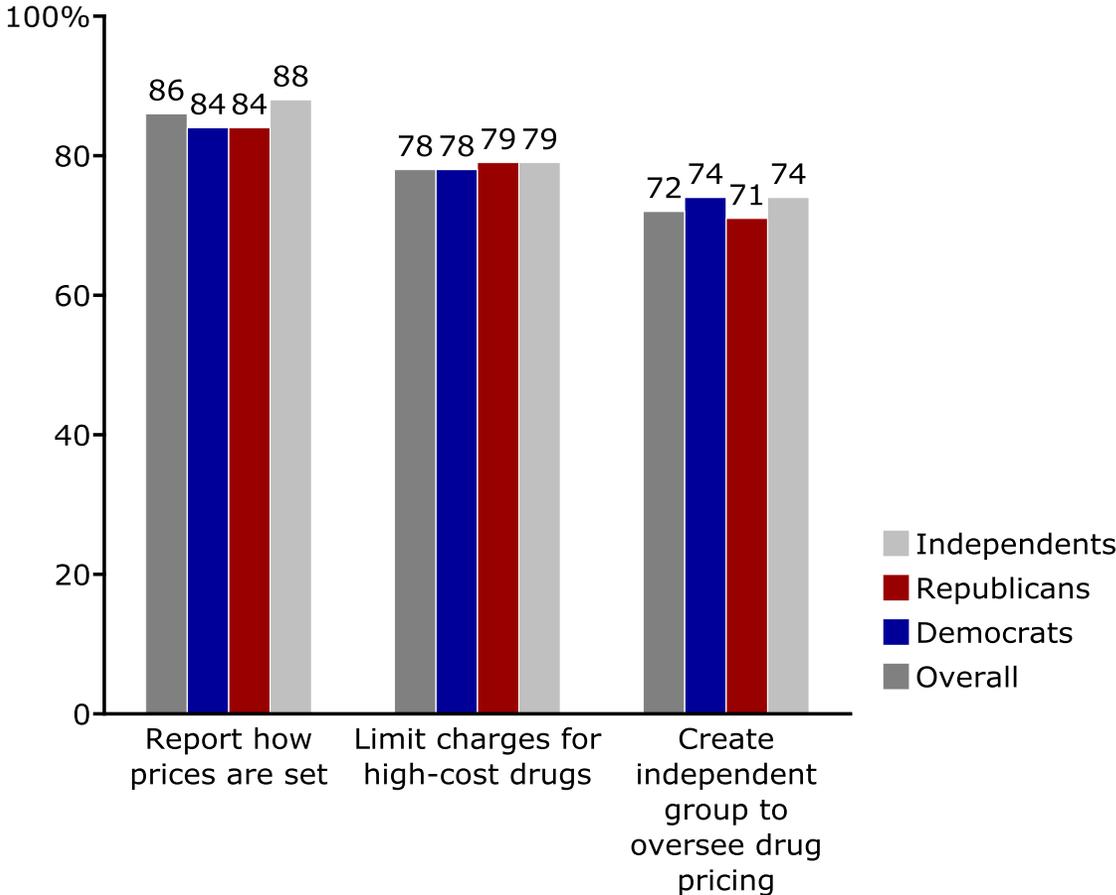
MOST OF THE PUBLIC FAVORS ACTION TO KEEP DRUG PRICES DOWN

Patient reports of prescription medicine affordability



1 IN 4 AMERICANS TAKING PRESCRIPTION DRUGS HAVE DIFFICULTY AFFORDING THEM

Percentage of Americans in favor of proposal



Source: Kaiser Health Tracking Poll (September 2016; April 2017)

This year, several states have successfully passed legislation to rein in drug prices

MARYLAND



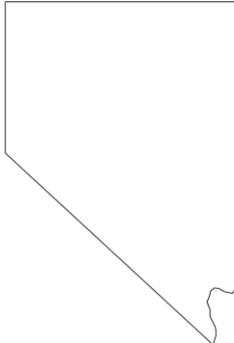
- Law targets unconscionable price increases of essential generic drugs and drug-device combinations (e.g., EpiPen)
- Significant price increases must be reported to Attorney General
- Attorney General can sue to enjoin price increase, restore money to patients and third-party payers, and impose penalties

NEW YORK



- Law targets drugs for which Medicaid expenditures exceed Department of Health targets
- Manufacturers have opportunity to negotiate additional Medicaid rebates
- Drug Utilization Review Board can impose formulary and prior authorization sanctions

NEVADA



- Law targets drugs essential for the treatment of diabetes (e.g., insulin)
- Manufacturers must report annually information about pricing, development and production costs, and profit
- Department of Health and Human Services compiles an annual report based on this information
- Manufacturers must also submit information to the state about price increases and sales representatives

...and other states are considering additional legislation

We recommend that states pursue two key legislative solutions: fair pricing and transparency

Fair pricing

- **Directly constrain the prices of pharmaceuticals**
 - Manufacturers must justify certain price increases or face penalties
 - Manufacturers must provide rebates when prices exceed a certain threshold
- **Should cover generic and branded drugs**
- **Should establish limits on prices and limit unfair price increases**

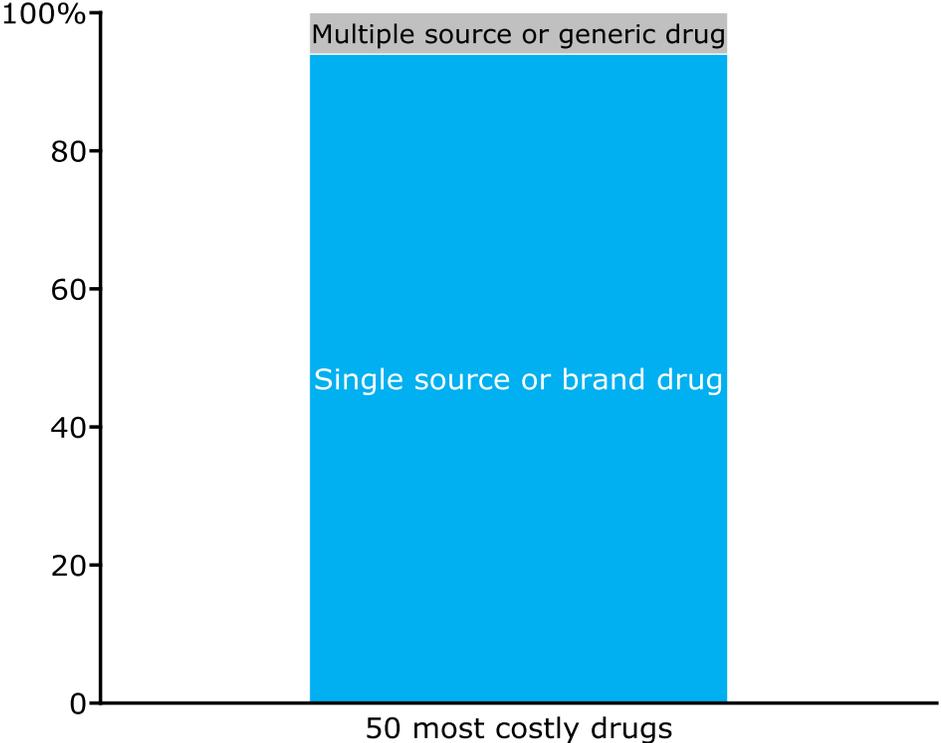
Transparency

- **Provide information needed to understand how drug prices are set**
 - Should inform both public and policymakers
- **Should require detailed disclosure about prices and costs (R&D, manufacturing, and marketing) on a drug-by-drug basis**
- **Should have presumption of public release**

Fair pricing bills should provide relief for consumers and impact the state budget by addressing both generic and branded drugs

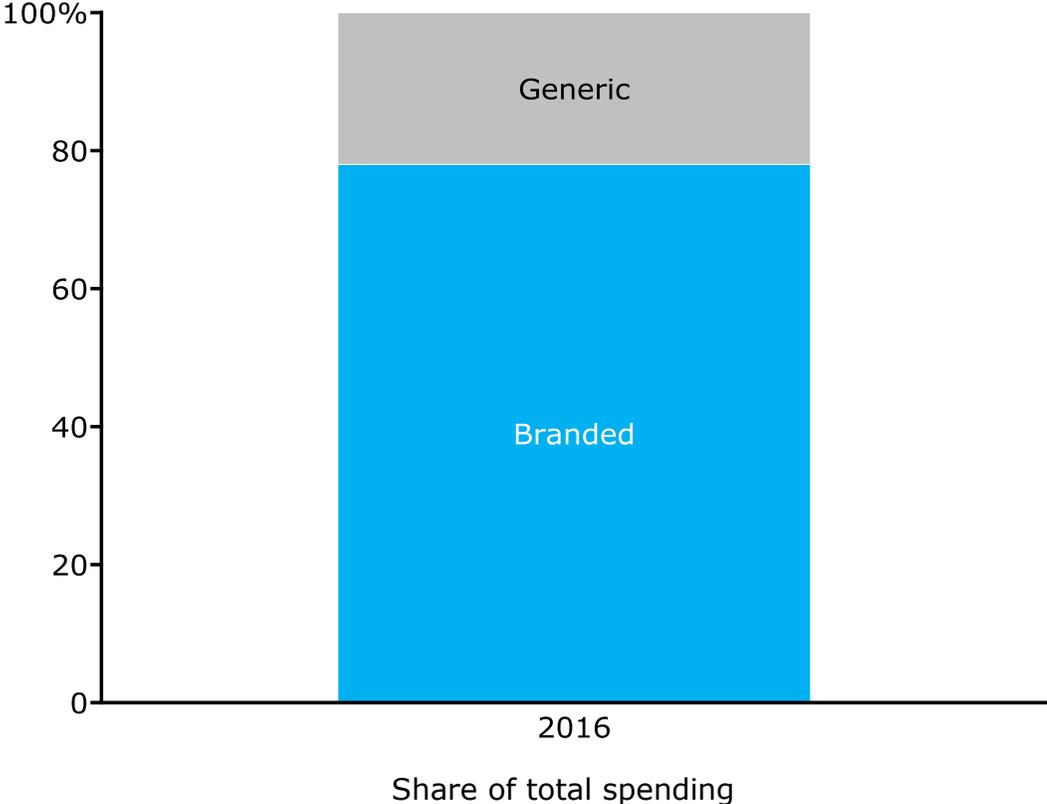
MEDICAID'S MOST COSTLY DRUGS ARE OVERWHELMINGLY BRANDED

Most costly Medicaid drugs by exclusivity



BRANDED DRUGS DRIVE TOTAL PRESCRIPTION DRUGS COST AMONG BCBS PATIENTS

Share of total BCBS prescription drug spending by exclusivity



Source: Kaiser Family Foundation, "Medicaid's Most Costly Outpatient Drugs" (2016); Blue Cross Blue Shield, "Rising costs for patented drugs drive growth of pharmaceutical spending in the U.S." (2017)

Q&A/Discussion
