



2019 NCSL Health Seminar for Newer Legislators

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Engine of Public Health and Economic Progress



The new era of medicine is transforming patient care (immunotherapy, CAR-T and gene / personalized therapy)



- HIV death rate down 90%
- Cancer death rate down 27%
- Hepatitis C cured



4.7 million jobs that pay twice the national average, with activity in every state

Medicine Spending in Context

1

2017: Retail medicine spending grew 0.4 percent – slowest growth rate since 2012

2

2018: Prices increased 1.5 percent after negotiation

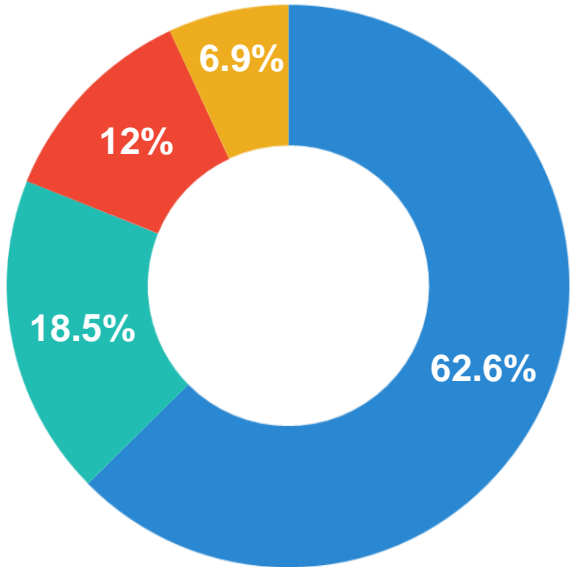
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On average, less than 5 percent of Medicaid spending goes towards medicines

Health Care System Not Working for Patients

Negotiations Generating Significant Cost Savings

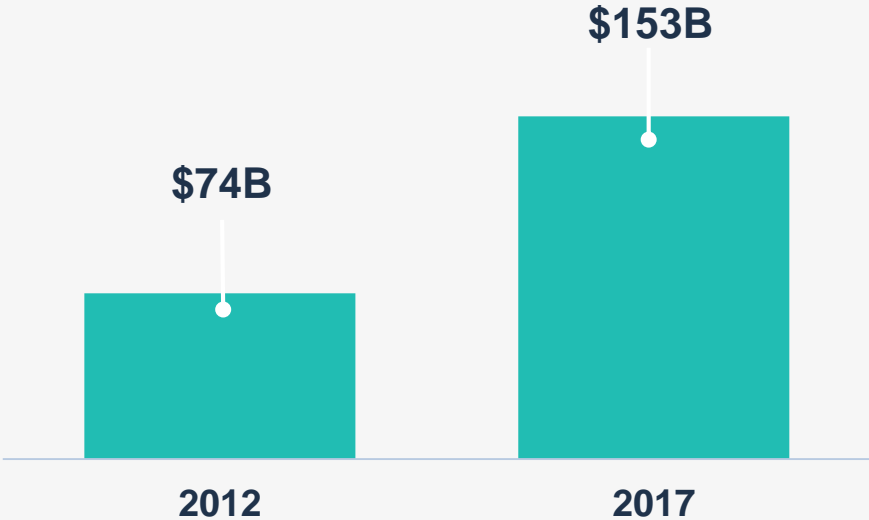
Brand companies retain just 63% of list price



- Brand Companies
- Market Access Rebates and Discounts
- Statutory Rebates and Fees
- Supply Chain Entities

Discounts and Rebates Growing

Rebates, discounts, fees and other price concessions have more than doubled since 2012



Patient Out-of-Pocket Costs Increasing

Deductibles have increased

300%
since 2006

Sharing Rebates Could Save Patients More than \$800/year

Negotiations between biopharmaceutical companies and health plans result in significant rebates.



\$145 - \$800+
Annually

Access to negotiated discounts at the pharmacy could save certain commercially insured patients with high deductibles and coinsurance hundreds of dollars annually.

Sharing all of the negotiated rebates with patients would increase premiums **1 percent or less.**

Sharing Negotiated Rebates Could Save Commercially Insured Patients as Well

Example: High-Deductible Health Plan with a Copay



Mary has diabetes and spends \$1,000 each year on medical and pharmacy expenses



She would save \$359 a year



Her premium would increase less than 1%

Example: High-Deductible Health Plan with Coinsurance



Kevin has diabetes and several other health conditions and spends \$5,000 each year on medical and pharmacy expenses



He would save about \$800 a year



His premium would increase less than 1%

Partner on Solutions



Share negotiated discounts with patients at the pharmacy counter



Change how payments work in the supply chain



Novel financing options: mortgage-based approaches and volume / risk arrangements



Use supplemental rebates to limit a state's total expenditures on a medicine



Preserve cost-sharing assistance