# PRESCRIPTION DRUGS:

## Action is needed to reduce rising prices and increase access

As individuals continue to face the economic and health impacts of the COVID-19 pandemic, access to affordable drugs is important now more than ever. However, costs continue to rise—straining family budgets, increasing taxpayer costs and consuming larger shares of insurers' spending.

The average American spends about

**$1,200** A YEAR

on prescription drugs—more than in any other developed country.


NEARLY **1** IN EVERY **$3** CareFirst spends on members' claims is for a drug.

Since 2014, CareFirst spending on prescription drugs has grown by

**4.9%** ANNUALLY

These unsustainable trends translate into reduced access to needed medication for our members and communities, and many people are not taking their medication as prescribed in order to reduce their prescription costs. Patients not taking their medications can result in more frequent visits to the hospital, poorer health outcomes, and higher healthcare costs.

The impacts of the COVID-19 pandemic only stand to make matters worse. While public attention has notably shifted to the race for a cure, significant questions remain as to the price of COVID-19 treatments and vaccines. Manufacturers have made commitments to keep prices affordable, but they continue to raise prices at rates that far exceed a person's ability to afford them.

THE PRICE OF INSULIN **DOUBLED** BETWEEN 2012 AND 2016

## TO BRING NECESSARY RELIEF TO CONSUMERS WHO NEED ACCESS TO MEDICATIONS, SEVERAL PRACTICAL SOLUTIONS INCLUDE:

### Regulate drug manufacturers:

Drug manufacturers receive GOVERNMENT-PROTECTED MONOPOLIES, so should be SUBJECT TO THE SAME RIGOROUS REGULATORY RATE REVIEW AS UTILITIES. They also should be subject to "loss ratio" requirements similar to health insurers, which would set a minimum spending target for research and development based on revenues and limit spending on advertising.

### Allow Medicare price negotiation:

States can negotiate drug prices for Medicaid. The Veterans Health Administration can negotiate drug prices. The Federal government can't. The Secretary of Health and Human Services should be able to negotiate Medicare drug prices, which will LOWER COSTS for patients and REDUCE FEDERAL SPENDING.

MEDICARE PART D pays on average

**73%** MORE than Medicaid

**80%** MORE than the Veterans Health Administration for brand-name drugs

### Restrict or eliminate drug ads:

The United States and New Zealand are the only countries that allow Direct To Consumer (DTC) prescription drug advertising. DTC advertising leads to the overuse of high-cost prescription medicines, even when highly effective, lower-cost alternatives are available. POLICYMAKERS SHOULD BAN DTC DRUG ADS.

U.S. spending on DRUG ADVERTISING exceeded

**$5.5 BILLION** in 2017—a 4X increase from 1997

### Do not restrict insurers' ability to set formularies:

Effective use of formularies ensures consumers can access drugs they need at the most affordable price. Formularies undergo frequent review to ensure older drugs are replaced by newer, more effective therapies or those with lower cost alternatives. Restricting insurers will lead to further increases in drug costs.

### Reform co-pay coupons:

Drug manufacturers often provide patients with coupons to offset out-of-pocket costs. While these discounts help patients, they also promote the use of higher-cost drugs when less expensive, equally effective drugs are available. Insurers then bear the brunt of brand-name drug costs, resulting in greater premiums for consumers. BAN COPAY COUPONS for brand-name drugs that have a generic version available.

### Maintain negotiating power:

Health insurers and pharmacy benefits managers help REDUCE DRUG COSTS by negotiating with pharmaceutical manufacturers. Effective negotiation tools must be kept in place. Also, stakeholders must work together to create leverage for drugs where no competition exists and prices continue to skyrocket.

### Close loopholes that limit competition and choice:

Among other unreasonable tactics, big pharma has effectively exploited patent laws and blocked competition for their gain. Federal regulators should craft proposals to ADDRESS UNFAIR PRACTICES such as evergreening, pay for delay and blocking access to branded products that are needed to develop generics.



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