PRESCRIPTION DRUGS:

FURTHER ACTION IS NEEDED TO REDUCE RISING PRICES AND INCREASE ACCESS

CareFirst believes everyone should be able to get the medications they need at a price they can afford. However, prescription drug prices continue to rise—straining family budgets, increasing costs for businesses and taxpayers, and making health insurance premiums less affordable.

The average American spends about

$1,200

A YEAR

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**.

3.8% of CareFirst members take specialty drugs **accounting for over**

54%

of CareFirst's spending on prescription drugs

These unsustainable trends reduce access to needed medication for our members and communities, and many people are not taking their medication as prescribed to reduce their prescription costs. When patients do not take their medications, this results in more frequent visits to the hospital, poorer health outcomes, and increased healthcare costs in the long run.

CareFirst is taking aggressive action to make lifesaving drugs, such as insulin, more affordable. We proactively implemented $0 cost sharing for preferred brand insulin starting in 2021 and have partnered with other Blue Cross and Blue Shield companies in Civica's Affordable Insulin Initiative which will result in the availability of insulin at $30 or less per vial starting in 2024. Additionally, our larger **partnership** with Civica Inc. will increase competition and promote the availability of low-cost generic pharmaceuticals.

1 IN 4 diabetics are **rationing their insulin** due to affordability concerns.

Source: **Cost-Related Insulin Underuse Among Patients With Diabetes | Clinical Pharmacy and Pharmacology | JAMA Internal Medicine | JAMA Network**

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

Regulate drug manufacturers

Drug manufacturers receive **LEGALLY-PROTECTED MONOPOLIES** for their products, so should be **SUBJECT TO THE SAME RIGOROUS REGULATORY RATE REVIEW AS PUBLIC 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 and other "administrative" expenses.

Expand direct price negotiation and inflation rebates

CareFirst applauds the recent enactment of inflation rebates and negotiation of drug prices in Medicare. We encourage broadening the list to include more high-cost drugs to **LOWER COSTS** for more patients and further **REDUCE FEDERAL SPENDING**. These policies should also be expanded to the commercial market to ensure aligned incentives and prevent cost-shifting.

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 increased demand for and 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 400% increase from 1997

Do not restrict insurers' ability to set and use 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 THE USE OF FORMULARIES 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 even when less expensive, equally effective drugs are available. Insurers then bear the brunt of brand-name drug costs, resulting in higher premiums for consumers. **POLICYMAKERS SHOULD BAN COPAY COUPONS** for brand-name drugs that have a generic alternative available.

Maintain negotiating power

Health insurers and pharmacy benefit managers help **REDUCE DRUG COSTS** by negotiating with pharmaceutical manufacturers. Effective negotiation tools, such as rebates, 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 uncompetitive tactics, big pharma has effectively exploited patent laws and blocked competition for their financial gain. Federal regulators should **ADDRESS UNFAIR PRACTICES** such as evergreening, pay for delay and blocking access to branded products that are needed to develop generics.