

# Making Medicines More Affordable: PhRMA's Solutions



Common-sense reforms can help ensure everyone benefits from America's engine of innovation and receives the care they need and deserve. In this series, we're taking a closer look at PhRMA's advocacy efforts to make medicines more affordable, part of our patient-centered agenda, which aims to lower barriers between our industry's medical innovations and patients who need them.

We are in a new era of medicine where breakthrough science is transforming patient care, but these innovations are meaningless if patients can't afford them. While net prices for brand medicines dropped by 2.9% in 2020, on average, many of the sickest patients continue to face high out-of-pocket costs for their medicines. That's because insurers and middlemen known as pharmacy benefit managers (PBMs) have shifted more health care costs to patients through the increasing use of deductibles and coinsurance. That means patients often pay cost sharing based on the undiscounted list price of a medicine rather than the negotiated net price their insurer receives.

Our patient-centered agenda aims to fix this problem and others in the health care system. To make medicines more affordable, we propose these solutions:

## Modernizing how Medicare covers and pays for medicines by:

- Capping out-of-pocket costs in Part D, lowering cost sharing and spreading those costs over the calendar year, and making sure the savings negotiated with health plans are passed to patients; and
- Implementing a market-based adjustment in Part B that would allow the government and seniors to benefit from more of the savings already negotiated in the commercial market, which could save some seniors hundreds - if not thousands - of dollars each year.

## Making insurance work like insurance by:

- Covering more medicines from day one;
- Making out-of-pocket costs more predictable;
- Ensuring cost-sharing assistance applies to deductibles and out-of-pocket maximums; and
- Sharing negotiated savings with patients at the pharmacy counter.

## Protecting the safety net by:

- Maintaining coverage of medicines for vulnerable patients served by Medicaid; and
- Driving greater oversight and transparency of the [340B program](#) to ensure that hospitals and other entities are using the discounts manufacturers provide to serve needy patients, not siphoning resources away from patients.

## Ending misaligned incentives by:

- Tying the fees pharmaceutical supply chain middlemen charge to the services they provide, not the list price of a medicine; and
- Fostering the competitive market for medicines while also providing needed incentives for continued biopharmaceutical innovation.

These reforms benefit patients and also protect future innovation. We need these types of long-term solutions - not temporary fixes that don't address the root problems in the health care system - to help those who need it the most.