

CRITICS PROVEN WRONG AGAIN ON MEDICINE SPENDING

Recent comments from pharmacy benefit managers and insurers disprove – once again – the fallacious claims previously made about spending on new innovative medicines. Over the past year, payers claimed life-changing treatments and cures for hepatitis C and high cholesterol would bankrupt the health care system and wreck financial havoc.

Yet just last week, Express Scripts, the largest pharmacy benefits manager in the U.S., proudly tweeted “Hepatitis C is the first example where price is lower in the U.S. vs. Western Europe because of our negotiations.” And in October, they touted they can include both new cholesterol-lowering medicines, called PCSK9 inhibitors, on its national list of covered medicines thanks in part to substantial – and typical – discounts negotiated.

These statements undermine the claims Express Scripts and other payers made that new medicines would force them to consider whether or not they can even sustain the pharmacy benefit they provide to their members.

Why were they so wrong?

Because our nation’s **competitive marketplace works to control costs** while encouraging the development of new therapies that help patients live longer, healthier lives.

Conversations about costs are important, but we need to put doomsday predictions in context. Focusing solely on the share of spending that goes toward life-changing medicines will not solve our nation’s health care challenges. Instead we need to find solutions that ensure access to high quality, patient-centered care and continue to encourage development of innovative medicines.

Here is a sampling of the egregious claims payers made and what actually happened.

..... What Payers Claimed for Cholesterol Medicines

“While these drugs are being viewed as breakthroughs, they also have the potential to wreak financial havoc on clients who do not proactively manage.”

Express Scripts
(July 2015)

“Given the number of people potentially eligible for treatment with the PCSK9 will number in the millions, the potential overall expenditures by payers are huge.”

CVS Health
(July 2015)

“These drugs are not only expensive but they present a financial challenge to the health care industry.”

Harvard Pilgrim
Health Care
(September 2015)

..... What Actually Happened

“We were able over the course of tough negotiations to get good economics on both products.”

Express Scripts
(October 2015)

“We feel very confident we can manage this and this won’t mess up our clients’ budgets in 2016.”

Express Scripts
(October 2015)

..... **What Payers Claimed for Hepatitis C Medicines**

“What they have done with this particular drug will break the country... It will make pharmacy benefits no longer sustainable. Companies just aren’t going to be able to handle paying for this drug.”

Express Scripts
(April 2014)

“Never before has a drug been priced this high to treat a patient population this large, and the resulting costs will be unsustainable for our country. The burden will fall upon individual patients, state and federal governments, and payers, who will have to balance access and affordability in way they never have had to before.”

Express Scripts
(April 2014)

“This pricing, which Gilead attempts to justify as the cost of medical advancement, will have a tsunami effect across our entire health care system.”

America’s Health Insurance Plans
(July 2014)

“[I]t forces payers ... to consider whether or not they can even sustain the pharmacy benefit they provide to members.”

Express Scripts
(October 2014)

..... **What Actually Happened**

“Hepatitis C is the first example where price is lower in the U.S. vs. Western Europe because of our negotiations.”

Express Scripts
(December 2015)

“The price is sufficiently low that we can go to our clients and say that they can treat every patient with hepatitis C.”

Express Scripts
(January 2015)

“Our clients will save more than \$1 billion this year on hepatitis C medications, and we will financially guarantee that their patients will adhere to their therapy.”

Express Scripts
(January 2015)

“After our deal, other payers have begun to follow suit and negotiate their own arrangements with either AbbVie or Gilead. Because of our initial action, these follow-up negotiations will ultimately lower the national spend on hepatitis C drugs by more than \$4 billion annually.”

Express Scripts
(January 2015)