

Addressing Drug Prices and their Impact

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Today...

For every complex problem there is a simple solution...and it is wrong more often than not

The problem - what it is, and what it's not

A tale of three drugs

"Simple solutions"with questionable long term impact

Longer term solutions worth pursuing



The Problem: Drug Pricing

- ▶ Manufacturers are price setters, the rest of us (mostly) are “price takers”
- ▶ Pricing power through government granted monopolies, exclusivity, trade agreements etc.: “don’t mess with our profits or you will stifle innovation, people will die...”
- ▶ Pricing based on “what the market will bear”; continually testing the limits - unrelated to R&D costs, manufacturing costs, impact on health or public health
- ▶ “Price gouging” (because they can) vs. “stifling innovation”

A Tale of Three Drugs: Three Manifestations of the Problem

- ▶ Harvoni/Sovaldi/ViekeraPak
- ▶ Gleeevec
- ▶ Colcrys

“Simple Solutions”

- ▶ Reimportation
- ▶ “Innovative insurance design”
- ▶ Protect consumers - e.g. through caps on cost sharing
- ignores impact on premiums
- ▶ “Long-term financing” (of short-term-use agents),
e.g. the “mortgage” model
- ▶ Expand manufacturer “patient assistance” programs
- ▶ Allow Medicare to negotiate prices

Two choices: fix the market, so we have a competitive (not anti-competitive) market, OR face the eventuality of regulated pricing

Solutions Worth Pursuing:

- ▶ Transparency: essential for a functioning market
- ▶ Post-market surveillance enforcement – substantiate claims, especially with expedited release
- ▶ Regulatory reform update: untie the FDA's hands
- ▶ Examine trade agreements re impact on US consumer access to prescription drugs/devices
- ▶ Explore value- or outcomes-based payment models – requires multi-stakeholder agreement on definition of “value”
- ▶ Fix Medicaid Best Price and its impact on other purchasers
- ▶ And, “the dream”.. campaign finance reform....