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## Addressing the Costs of Prescription Drugs

Out of pocket costs for people with arthritis are significant and are often cited as a top health care access challenge. While life-changing medicines like biologics have transformed the lives of patients with chronic diseases like arthritis, these specialty drugs are consuming an ever-growing portion of health care expenditures. Policymakers are right to focus their attention on lowering drug costs as a key component to reducing out-of-pocket costs for patients. In 2019, proposals at both the state and federal levels include increasing drug pricing transparency, reforming the drug supply chain, and instituting drug price controls. People with arthritis who rely on expensive drugs could be greatly impacted by any given proposal, and it is critical that policymakers prioritize patient access and work with patient advocacy groups to **ensure that drug pricing policies are benefitting the people they are intended to serve: patients.**

There is promising research in precision medicine underway that has the potential to allow providers to identify the medication that will work best for their arthritis patients based on their disease profile. This could revolutionize how providers treat people with arthritis by taking the guesswork out of how a therapy might work. Currently, there is a high failure rate that occurs as patients cycle through biologics to find the one that will work best for them – adding costs to the system and driving negative health outcomes along the way. Federal investment in research is critical to making strides like these in the treatment of arthritis. As part of the drug pricing debate, **we call on policy-makers to prioritize an increase in funding for research that improves diagnostics and precision medicine, and that will lead to disease-modifying therapeutics for conditions that currently have none, such as osteoarthritis.**

The Arthritis Foundation has previously published issue briefs on out-of-pocket costs, utilization management protocols like step therapy and prior authorization, adequate provider networks, and surprise billing. All of these topics are important to addressing the systemic health care issues that impact people with chronic diseases. However, this issue brief will focus on drug prices and solutions to reduce overall drug costs. In every survey, listening session, and focus group we have conducted over the last few years, several key themes have emerged, which serve as a basis for our recommendations:

- Out-of-pocket costs consistently rank in the top three health care challenges

- When out-of-pocket costs are too high, many patients ask their doctors to switch to another drug or fail to take their drug as prescribed
- Many patients have difficulty understanding their health care plans and determining exact out-of-pocket costs and drug coverage
- Research for a cure remains a top priority for Arthritis Foundation Advocates

The Arthritis Foundation conducted a survey in June 2019 on patient perspectives and experiences with drug costs to directly inform this issue brief. Key findings include:

- When transitioning from one insurance plan to another, 75% of respondents were required to go through prior authorization; 41% were required to go through step therapy; 40% found that their drug was no longer on formulary; and 24% found that their provider was no longer in network
- Only 27% of Medicare respondents ranked familiarity with tools to compare costs and plans and only 43% ranked familiarity with supplemental benefits like Medigap
- Only 36% of Medicare respondents on Part D expressed that they were “very satisfied” or “satisfied” with their coverage
- 40% of Medicare Part D enrollees could not access the drugs they need to manage their disease, and only half responded that their plan works well and without any issues
- 19% of Medicare respondents had to switch from a Part D drug to a Part B drug because of the out-of-pocket costs

### **Transparent Health Care Cost Tools**

A key component to addressing prescription drug costs is ensuring patients can access the drugs they need; **empowering patients with tools and information to choose the right plan is critical.** Transparent, user-friendly consumer tools that allow patients to easily determine whether their drugs are on formulary and to determine their full out-of-pocket exposure are essential to achieve this goal. Comprehensive out-of-pocket information can be hard to find and tools are not standardized across plans.

#### **Call to Action:**

- Collaborate with all relevant stakeholders to produce minimum standards for clear, easy-to-use tools for patients to look up formularies and determine their exact out-of-pocket responsibility across plans in Medicare, Medicaid, and the commercial market
- Ensure patient cost-sharing information can be accessed by the provider at the point of prescribing

### Innovative Care Delivery

Much attention has been focused on value-based insurance design and other innovative payment models to reduce inefficiencies in the health care system while improving patient outcomes. **Many stakeholders in the health care ecosystem are aligned on the promise of value-based care, and the Arthritis Foundation supports this approach to improving health care.**

#### Call to Action:

- Expand Medicare Advantage (MA) value-based insurance design demonstrations within the Center for Medicare & Medicaid Innovation to include more geographic regions and conditions
- Allow plans the flexibility to provide coverage for additional services that manage chronic disease without meeting the deductible. Evidence-based programs like Walk With Ease and Enhance Fitness are proven to improve health outcomes and save money to the health care system, and we encourage plans to include these programs as a covered benefit where applicable
- Address barriers to value-based arrangements, including Federal anti-kickback laws and Medicaid best price requirements
- Implement a voluntary demonstration project to test the impact of outcomes-based contracts focused on prescription drug costs and total costs of care
- Address barriers around off-label communications

### Drug Supply Chain Reform

The drug supply chain is often opaque and operates in a way that can lead to misaligned incentives, with decisions often favoring every stakeholder except the patient. Reforming the supply chain is critical to addressing prescription drug prices. **The Arthritis Foundation has long called for greater transparency throughout the health care ecosystem. We believe focusing on one side of the industry in isolation will not solve the problem.**

#### Call to Action:

- Increase health care cost transparency
  - Collaborate with relevant stakeholders on meaningful health care cost transparency, which can improve the patient experience
  - Encourage adoption of All Payer Claims Databases, which provide valuable information about cost of care that can help inform policies
- Reform the rebate system

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- Encourage payers and PBMs to pass on rebates to patients at the point-of-sale, as some have already pledged to do
  - Collaborate with stakeholders and policymakers to identify further reforms to the rebate system and other aspects of the supply chain that increase costs and restrict patient access
  - Incentivize uptake of biosimilar products
    - Encourage biosimilars policies that will increase competition and drive down prices of both reference and biosimilar products
    - Collaborate with the FDA to increase prescriber and patient confidence through education of biosimilars safety and efficacy
    - Encourage policies like the CREATES Act that would make it easier for biosimilar manufacturers to get samples from reference manufacturers

