

# Current Congressional Proposals to Control Drug Spending

The Health Industry Forum: The Trump Administration  
Proposals to Address Drug Spending: How Will They Change  
the Landscape?

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Arnold Ventures is a philanthropy dedicated to addressing some of the most pressing problems in the United States.

**Health care objective is to lower costs while maintaining and enhancing access to needed, high-quality care.** We focus on four areas where we see the greatest problems and opportunities.



- > Reducing commercial sector prices
- > Lowering drug prices
- > Identifying and avoid low-value care
- > Improving care for complex populations

# Framing the Legislative Issues >

1

Patent Abuses and  
Anticompetitive  
Behaviors.

2

Market Distortions.

3

High Launch Prices  
and Unjustified  
Price Increases.

# Public Demands Action >

## Results from KFF polling

> Drugs are too expensive.

**3 in 10**

Patients haven't taken their medicine as prescribed due to costs.

> Pharma has too much power.

**72%**

Think pharmaceutical companies have too much influence in D.C.

> They are ready for change.

**80+%**

Favor making it easier for drugs to come to market and allowing the government to negotiate in Medicare.

# Current Congressional Proposals to Control Drug Spending > Hearings

> 11 Committee hearings so far in 2019.

> Senate (5).

## Finance Committee (3)

- 1) Part 1: Subject matter experts
- 2) Part 2: Manufacturers
- 3) Part 3: PBMs

## Committee on Aging (2)

- 1) Patients struggling with rising costs - Patient testimonies
- 2) Paths forward -Experts

> House (6).

## House Committee on Oversight and Reform (1)

- 1) Examining actions of drug companies in raising prices - Experts

## House Committee on Energy and Commerce (3)

- 1) Barriers to market competition - Experts
- 2) Rising costs of insulin - Patients
- 3) Rising costs of insulin - Experts

## House Committee on Ways and Means (2)

- 1) Rising costs of drugs - Experts
- 2) Promoting competition to lower Medicare prices - Experts

# Current Congressional Proposals to Control Drug Spending > Legislation

> Legislation introduced so far in 2019.

As of April 1st, 49 bills to address drug pricing have been introduced in Congress exploring a number of proposals including:

- > Medicare negotiation
- > Rebate reforms
- > Transparency
- > Importation
- > Price gouging
- > Anticompetitive behaviors
- > Medicaid rebates
- > Patent reform
- > Insulin pricing

# Current Congressional Proposals to Control Drug Spending >

## Markups

> Bills marked-up so far in 2019.

As of April 9, 3 markups (2 on the same package of bills) have occurred on legislation aimed at prescription drugs.

> House Committee on Ways and Means (1)

1) H.R. 2113: *Prescription Drug Sunshine, Transparency, Accountability and Reporting (STAR) Act of 2019*

> House Committee on Energy and Commerce (2)

1) H.R. 1781: *Payment Commission Data Act of 2019*

2) H.R. 938: *Bringing Low-cost Options and Competition while Keeping Incentives for New Generics (BLOCKING) Act of 2019*

3) H.R. 1520: *Purple Book Continuity Act of 2019*

4) H.R. 1503: *Orange Book Transparency Act of 2019*

5) H.R. 1499: *Protecting Consumer Access to Generic Drugs Act of 2019*

6) H.R. 965: *Creating and Restoring Equal Access to Equivalent Samples (CREATES) Act of 2019*

# Solutions Must Be Comprehensive>

## 3 Key Issues

1

### Patent Abuses and Anticompetitive Behaviors.

- > **CREATES Act** (S. 974, 115th Congress)
- > **Pay-for-delay ban**
- > **Other proposals** to address anticompetitive behaviors

2

### Market Distortions.

- > **Medicare Part D benefit Structure** (PBM risk)
- > **Tax incentives** (co-pay coupons)
- > **Transparency** (Sunshine Act, MedPAC/MACPAC data accessibility, justification of price hikes)
- > **PBM reform** (assure coverage of lower cost alternatives, fairly allocate PBM \$ across PBM/Plan/Taxpayer)

3

### High Launch Prices and Unjustified Price Increases.

- > **Medicare Part D** (protected classes, negotiation, reference pricing, inflation based rebate)
- > **Medicare Part B** (ASP+, physician purchasing groups, inflationary cap, IPI)
- > **Medicaid** (flexibility, statutory rebate cap)
- > **Commercial** (best price)



# High Launch Prices and Unjustified Price Increases. >

## Pricing Policy Categories:

- > Negotiation
- > Binding arbitration
- > Reference Pricing (e.g., international pricing, cost-effectiveness)
- > Licensing/patents
- > Inflation rebate



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