

# Rising Prescription Drugs Costs and the Need for Price Transparency

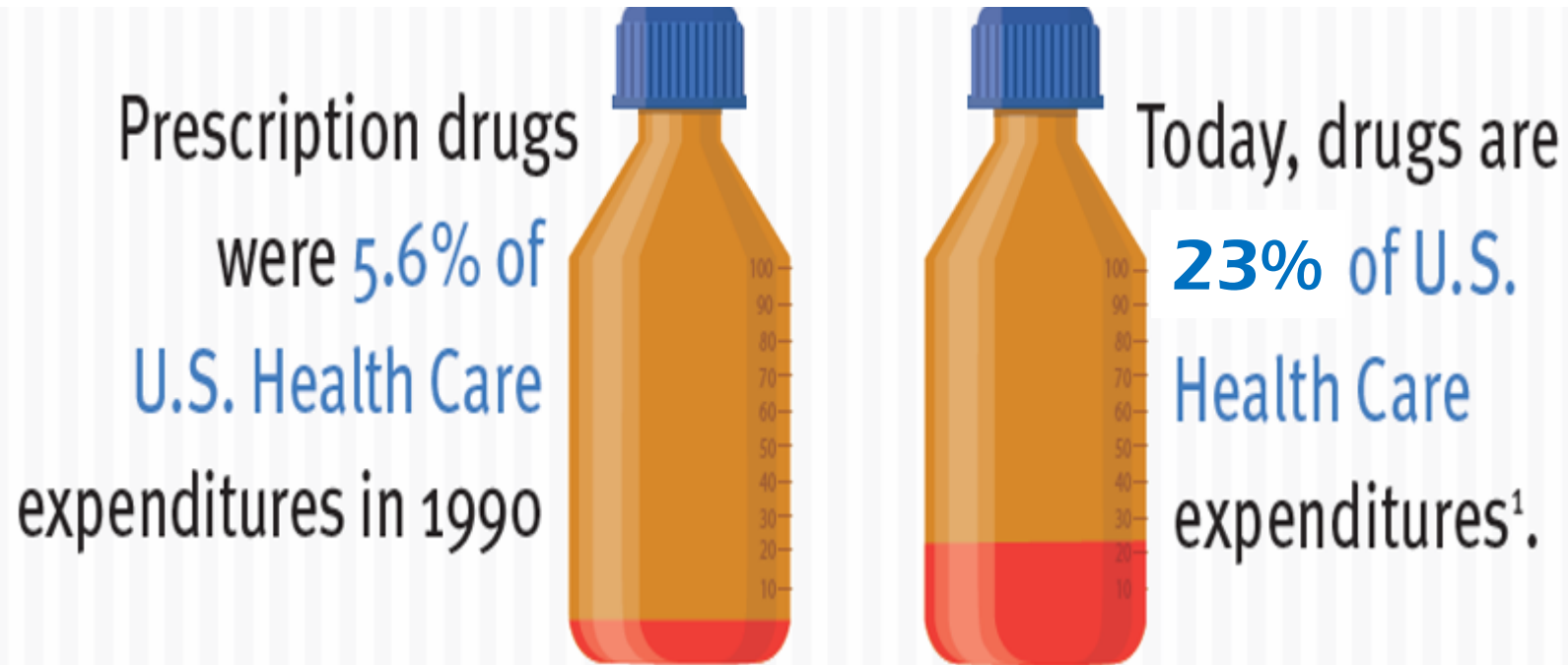
JUNE 2020



# Prescription Drug Spending

- ▶ Total U.S. prescription drug spending for 2018 was \$344 Billion and projected to reach \$420 Billion by 2023.
- ▶ Total # prescriptions filled in MI for 2019 was 125 million
  - ▶ 36,180,804 prescriptions – Medicare (29% of total)
  - ▶ 25,355,025 prescriptions – Medicaid (21% of total)
- ▶ Specialty prescription drugs spending increased in U.S. by 9.4% and account for 45.4% of all total spending
- ▶ Specialty drugs projected to account for 48% of spending in 2020

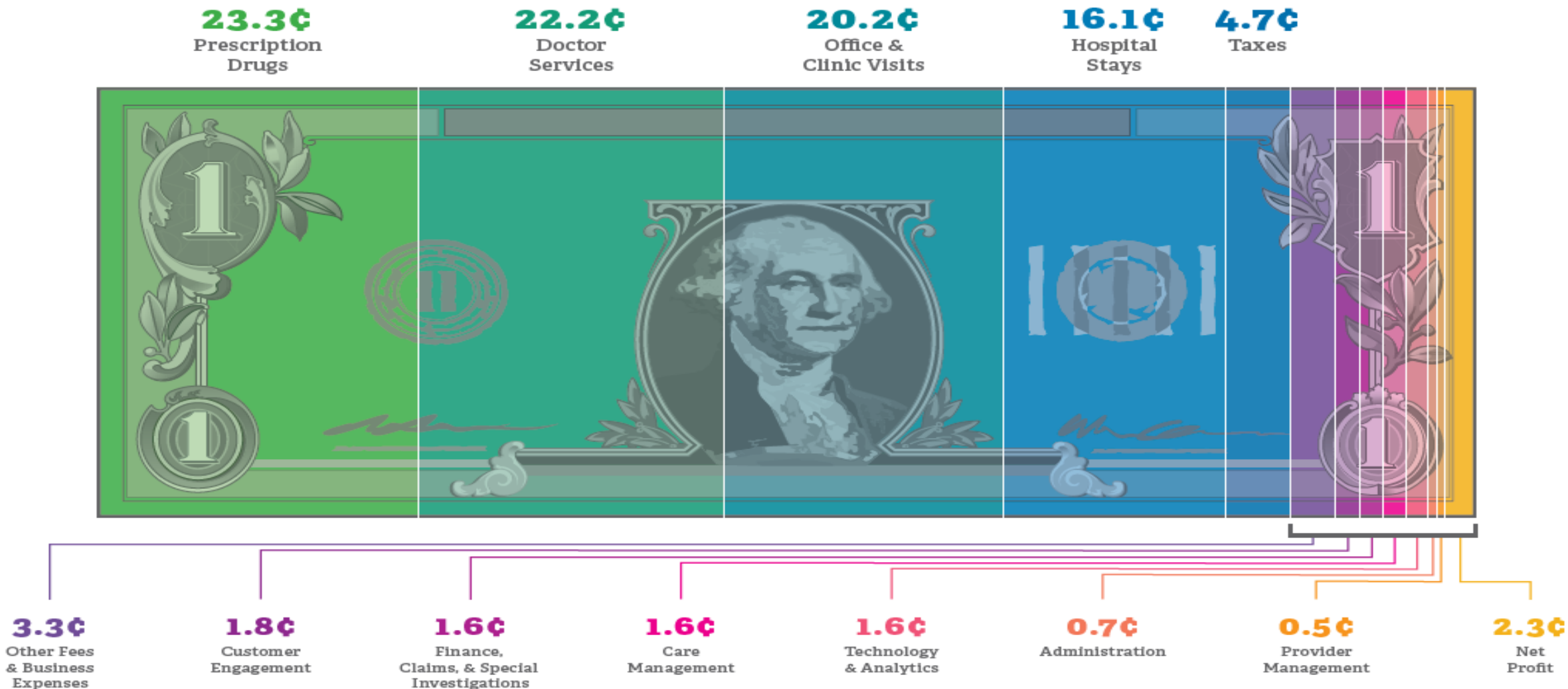
# Growth in Prescription Drug Expenditures Far Outpace Other Categories in Health Care



<sup>1</sup><https://healthpayerintelligence.com/news/prescription-drugs-account-for-22-of-payer-premium-spending>

# Where Does Your Health Care Dollar Go?

Your premium—how much you pay for your health insurance coverage each month—helps cover the costs of the medications and care you receive. It also helps to improve health care quality and affordability for all Americans. Here is where your health care dollar really goes.

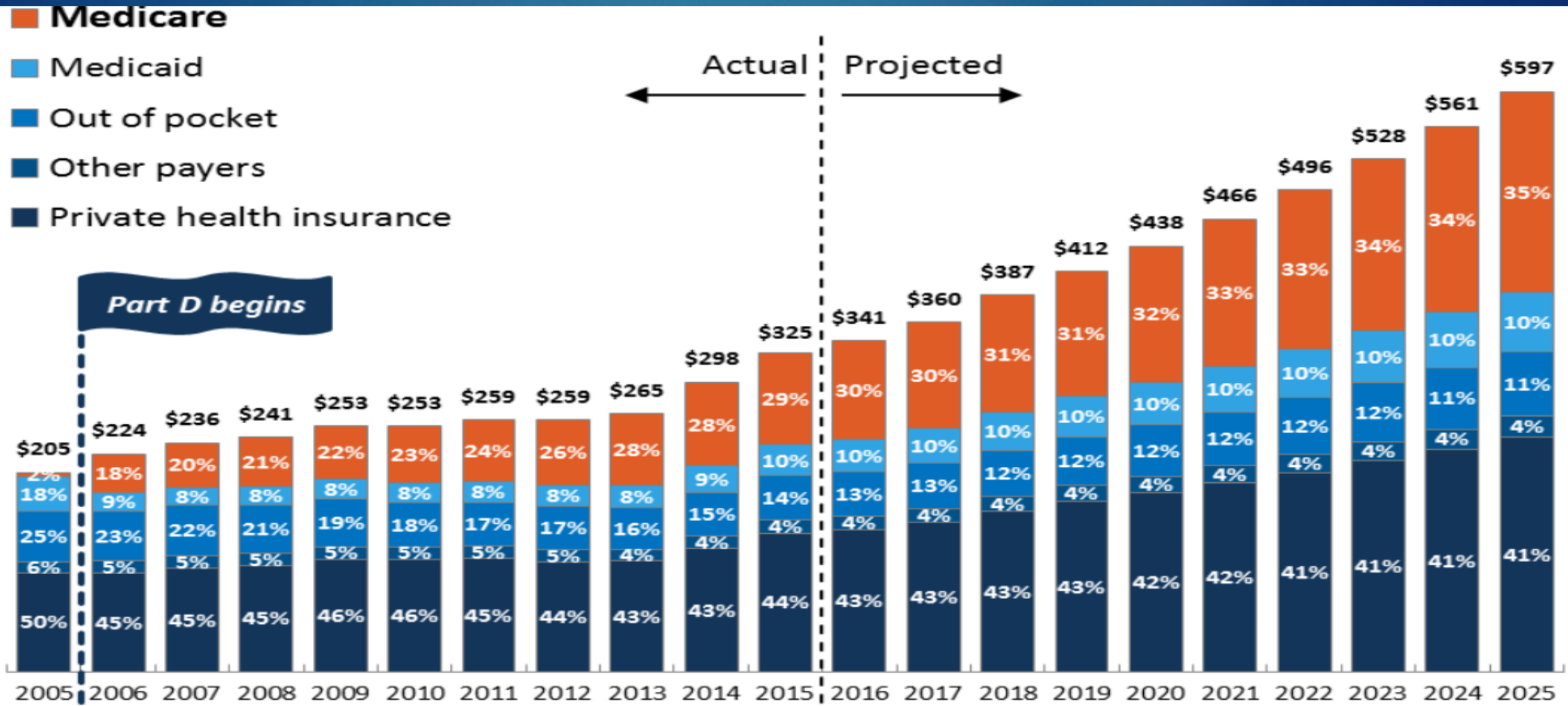


Expenditure estimates above produced by AHIP. Distribution of spending among administrative categories and taxes, based on analysis by Milliman, Inc. Milliman's analysis is available upon request.

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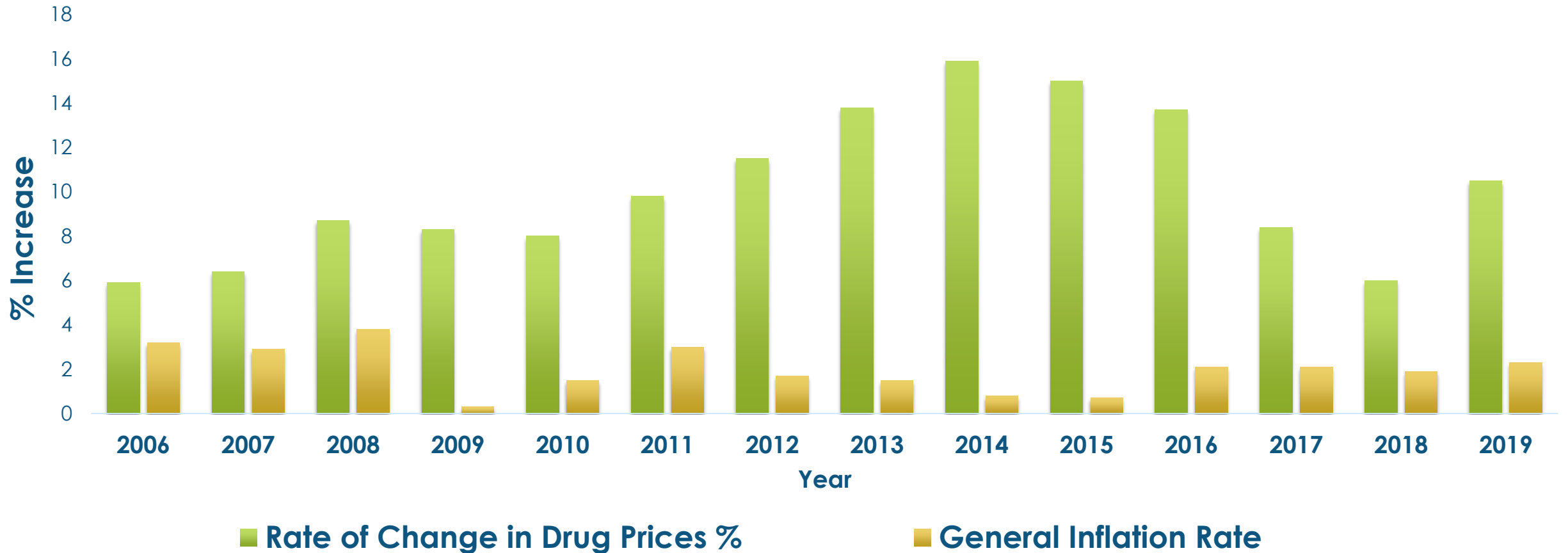
# U.S. Prescription Drug Spend (in billions)



SOURCE: Kaiser Family Foundation analysis of CMS National Health Expenditure Data for Historical (CY2005-2015) and Projected (CY2016-2025) Retail Prescription Drug Expenditures.

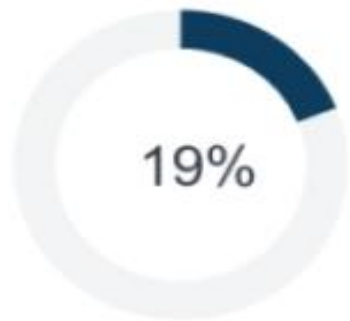
# Change in Drug Costs Compared to Inflation

6



# 3 in 10 Individuals Identify Not Taking Drugs as Prescribed Due to Cost

Percent who say they have done the following in the past 12 months because of the cost:



Not filled a prescription for a medicine



Taken over-the-counter drug instead



Cut pills in half or skipped doses



**Percent who did not take prescription medicine as directed because of the cost**

# Most Americans Favor Action to Lower Drug Prices

816

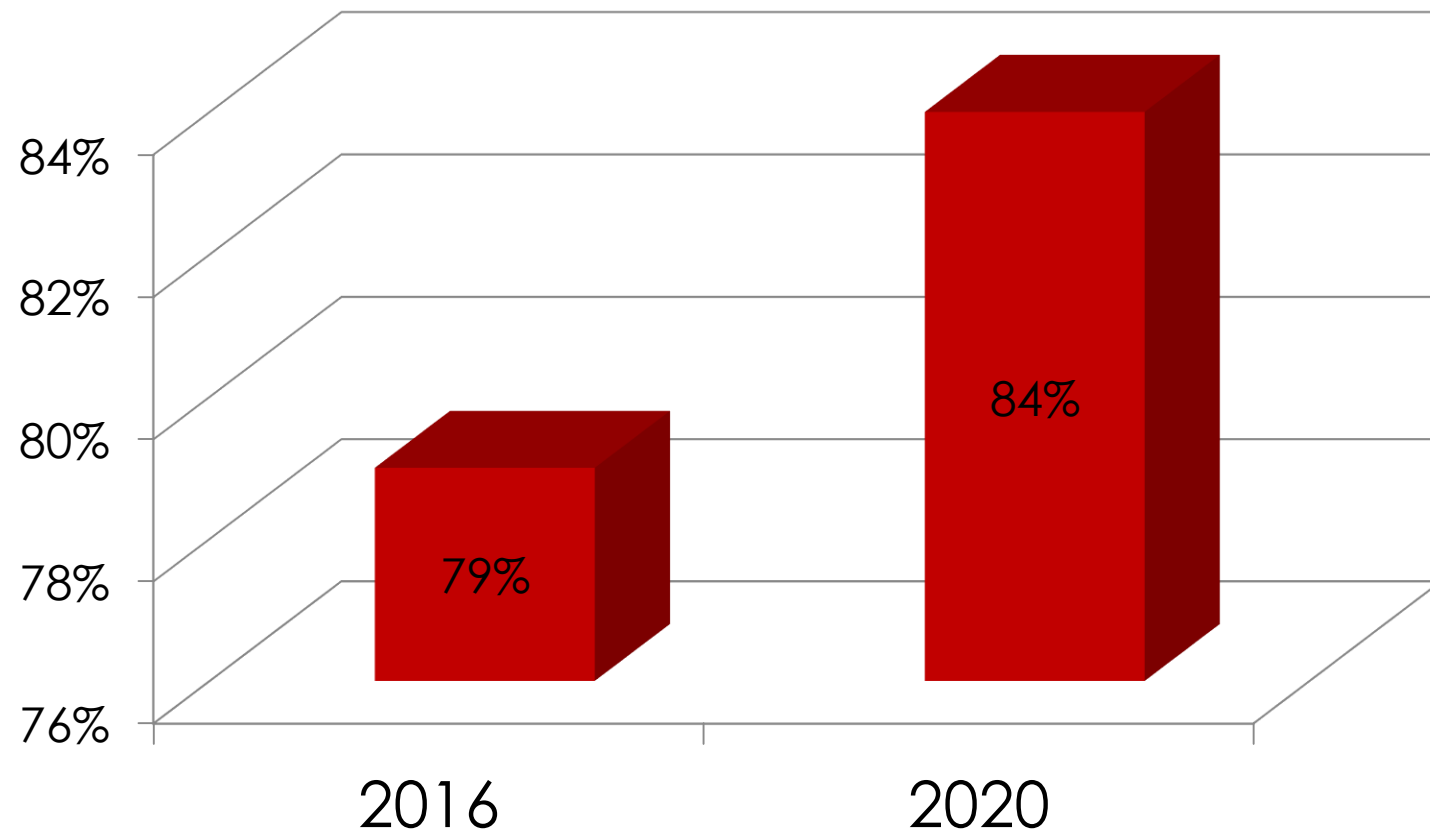
Percent who **favor** each of the following actions to keep prescription drug costs down:



**SOURCE: Kaiser Health Tracking Poll Feb 2019: Prescription Drugs**



# Support for Legislation that Would Require Drug Manufacturer Price Transparency in Michigan



■ Support

# Drug Pricing Concerns Post Pandemic



9 IN 10 AMERICANS

ARE CONCERNED THAT THE  
PHARMACEUTICAL INDUSTRY WILL  
USE THE COVID-19 PANDEMIC TO  
RAISE DRUG PRICES



# MEDICARE PART D DRUGS

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Part D Drugs

Information

Brand Name	Generic Name	Number of Manufacturers	Average Spending per Dosage Unit 2017	Average Spending per Dosage Unit 2018	Change in Average Spending per Dosage Unit (2017 - 2018)	Annual Growth Rate in Average Spending per Dosage Unit (2014 - 2018)	Total Spending 2018	Total Beneficiaries 2018	Average Spending per Beneficiary
<input type="text" value="Search"/>	<input type="text" value="Search"/>								
<a href="#">Eliquis</a>	Apixaban	1	\$6.42	\$7.00	9.0%	9.7%	\$4,992,184,164	1,646,841	\$3,031
<a href="#">Revlimid</a>	Lenalidomide	1	\$626.94	\$697.35	11.2%	11.5%	\$4,065,088,801	39,456	\$103,028
<a href="#">Xarelto</a>	Rivaroxaban	1	\$12.77	\$13.97	9.5%	10.0%	\$3,358,810,708	1,050,679	\$3,197
<a href="#">Januvia</a>	Sitagliptin Phosphate	1	\$12.87	\$14.24	10.7%	10.1%	\$3,228,917,720	919,610	\$3,511
<a href="#">Lyrica</a>	Pregabalin	1	\$6.67	\$7.55	13.3%	15.2%	\$2,950,257,661	905,005	\$3,260
<a href="#">Advair Diskus</a>	Fluticasone Propion/Salmeterol	1	\$6.22	\$6.71	7.8%	7.9%	\$2,394,014,929	1,031,076	\$2,322
<a href="#">Humira Pen</a>	Adalimumab	1	\$2,235.96	\$2,457.83	9.9%	16.5%	\$2,388,794,497	53,684	\$44,497
<a href="#">Lantus Solostar</a>	Insulin Glargine, Hum.Rec.Anlog	1	\$24.82	\$26.54	7.0%	5.1%	\$2,370,490,822	1,050,705	\$2,256
<a href="#">Imbruvica</a>	Ibrutinib	1	\$125.74	\$303.62	141.5%	33.5%	\$1,867,207,013	21,934	\$85,128
<a href="#">Symbicort</a>	Budesonide/Formoterol Fumarate	1	\$29.53	\$31.63	7.1%	6.5%	\$1,751,221,156	1,039,596	\$1,685

# MEDICAID DRUGS

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Medicaid Drugs

Information

Brand Name	Generic Name	Number of Manufacturers	Average Spending per Dosage Unit 2017	Average Spending per Dosage Unit 2018	Change in Average Spending per Dosage Unit (2017 - 2018)	Annual Growth Rate in Average Spending per Dosage Unit (2014 - 2018)	Total Spending 2018
<input type="text" value="Search"/>	<input type="text" value="Search"/>						
<u>Accuneb<sup>^</sup></u>	Albuterol Sulfate	1	\$0.01	\$3.50	30145.9%	73.1%	\$483
<u>Methotrexate<sup>^</sup></u>	Methotrexate Sodium/PF	2	\$78.11	\$5,899.58	7452.5%	207.5%	\$35,651
<u>Ciprofloxacin<sup>^</sup></u>	Ciprofloxacin Lactate	1	\$0.18	\$10.81	5869.0%	84.7%	\$5,347
<u>Stadol<sup>^</sup></u>	Butorphanol Tartrate	1	\$0.09	\$5.30	5646.0%	26.1%	\$204
<u>Certavite-Antioxidant<sup>^</sup></u>	Multivitamin/Iron/Folic Acid	1	\$0.01	\$0.67	5049.1%	48.0%	\$396
<u>Fluconazole In Dextrose<sup>^</sup></u>	Fluconazole In Dextrose,Iso-Os	1	\$0.04	\$2.02	4769.7%	95.4%	\$22,444
<u>Rocephin<sup>^</sup></u>	Ceftriaxone Sodium	1	\$2.31	\$102.24	4321.6%	64.7%	\$135,722
<u>Calcium Disodium Versenate<sup>^</sup></u>	Edetate Calcium Disodium	1	\$44.12	\$1,672.46	3690.6%	-53.1%	\$339,559
<u>Truetrack Test Strip<sup>^</sup></u>	Blood Sugar Diagnostic	1	\$0.02	\$0.44	2042.0%	-3.5%	\$14,046
<u>Aristospan<sup>^</sup></u>	Triamcinolone Hexacetonide	1	\$46.74	\$764.91	1536.6%	263.6%	\$447,771
<u>Droperidol<sup>^</sup></u>	Droperidol	2	\$19.61	\$292.29	1390.9%	174.3%	\$21,434
<u>Alfentanil HCl<sup>^</sup></u>	Alfentanil HCl	2	\$57.10	\$804.91	1309.6%	146.5%	\$784,173
<u>Adrenalin Chloride<sup>^</sup></u>	Epinephrine HCl	1	\$2.57	\$28.10	991.6%	48.5%	\$1,321

## Medicaid Drug Spending and Utilization, Calendar Years 2014 - 2018 By Manufacturer

\*Average spending per dosage unit reflects multiple routes of administration of the drug (e.g., intravenous, subcutaneous) which individually may have different unit pricing.

			Calendar Year 2014	Calendar Year 2015	Calendar Year 2016	Calendar Year 2017	Calendar Year 2018	Yearly Change	
			Average Spending Per Dosage Unit (Weighted)	Average Spending Per Dosage Unit (Weighted)	Average Spending Per Dosage Unit (Weighted)	Average Spending Per Dosage Unit (Weighted)	Average Spending Per Dosage Unit (Weighted)	Change in Average Spending Per Dosage Unit (2017-2018)	Annual Growth Rate in Average Spending Per Dosage Unit (2014-2018)
Brand Name	Generic Name	Manufacturer							
Fluconazole In Dex	Fluconazole In Dextrose,Iso-Os	Hospira/Pfizer	\$0.14	\$0.23	\$0.03	\$0.04	\$2.02	4769.71%	95.45%
Diltiazem HCl*	Diltiazem HCl	Hospira/Pfizer	\$17.66	\$17.94	\$1.58	\$1.33	\$64.00	4720.15%	37.98%
Paricalcitol*	Paricalcitol	Hospira/Pfizer		\$3.15	\$100.31	\$25.19	\$568.66	2157.81%	465.12%
Nitroglycerin In D5	Nitroglycerin In 5 % Dextrose	Hospira/Pfizer	\$13.37	\$21.77	\$0.82	\$11.36	\$205.02	1704.61%	97.89%
Sodium Chloride	Sodium Chloride 0.45 %	Hospira/Pfizer	\$0.02	\$0.02	\$0.02	\$0.09	\$1.50	1527.80%	183.17%
Tpn Electrolytes	Sodium/Pot/Mag/Calc/Chlor/Acet	Hospira/Pfizer	\$0.82	\$1.98	\$2.30	\$0.96	\$9.04	839.83%	82.09%
Sodium Chloride	Bacteriostatic Sodium Chloride	Hospira/Pfizer	\$0.07	\$0.06	\$0.10	\$0.12	\$1.05	811.07%	99.73%
Ketamine HCl	Ketamine HCl	Hospira/Pfizer	\$5.40	\$11.46	\$14.45	\$2.59	\$15.24	487.86%	29.62%
Neut	Sodium Bicarbonate	Hospira/Pfizer	\$2.59	\$11.74	\$5.44	\$0.32	\$1.83	473.10%	-8.32%
Azithromycin*	Azithromycin	Hospira/Pfizer	\$44.33	\$34.55	\$9.85	\$16.73	\$95.51	470.73%	21.16%
Penicillin G Procain	Penicillin G Procaine	Pfizer US Pharm	\$14.81	\$15.26	\$17.24	\$33.64	\$174.48	418.61%	85.28%
Bumetanide*	Bumetanide	Hospira/Pfizer	\$1.10	\$0.69	\$0.82	\$1.60	\$7.92	395.79%	63.68%
Desmopressin Acet	Desmopressin Acetate	Hospira/Pfizer	\$16.02	\$11.05	\$11.35	\$10.44	\$47.00	350.06%	30.89%
Caverject	Alprostadil	Pharmaci/Pfizer	\$51.86	\$44.66	\$111.37	\$58.99	\$235.59	299.34%	46.00%
Levophed Bitartrat	Norepinephrine Bitartrate	Hospira/Pfizer	\$38.92	\$24.84	\$23.85	\$18.80	\$71.92	282.49%	16.59%
Heparin Sodium	Heparin Sodium,Porcine	Hospira/Pfizer	\$2.16	\$2.41	\$4.79	\$4.68	\$16.02	242.65%	65.09%
Prostin Vr Pediatric	Alprostadil	Pharmaci/Pfizer	\$142.29	\$4.28	\$8.19	\$198.23	\$648.57	227.18%	46.12%
Procainamide HCl	Procainamide HCl	Hospira/Pfizer	\$11.39	\$5.64	\$11.65	\$23.20	\$75.18	223.99%	60.29%
Methotrexate Sodi	Methotrexate Sodium/PF	Hospira/Pfizer	\$1.94	\$10.16	\$2.30	\$18.00	\$55.19	206.61%	131.09%
Fosphenytoin Sodi	Fosphenytoin Sodium	Hospira/Pfizer	\$1.95	\$1.68	\$2.32	\$3.12	\$9.04	189.61%	46.71%
Dextrose In Water	Dextrose 25 % In Water	Hospira/Pfizer	\$1.76	\$10.85	\$11.34	\$0.87	\$2.40	176.54%	8.04%
Linezolid-D5W	Linezolid In Dextrose 5%	Hospira/Pfizer		\$0.22	\$0.19	\$0.08	\$0.23	176.21%	2.50%
Midazolam HCl*	Midazolam HCl	Hospira/Pfizer	\$5.46	\$4.65	\$45.18	\$35.23	\$97.02	175.39%	105.32%
Lidocaine-Epineph	Lidocaine HCl/Epinephrine Bit	Hospira/Pfizer	\$8.77	\$1.48	\$3.51	\$5.03	\$12.77	153.71%	9.85%

### Medicaid Drug Spending and Utilization, Calendar Years 2014 - 2018 By Manufacturer

\*Average spending per dosage unit reflects multiple routes of administration of the drug (e.g., intravenous, subcutaneous) which individually may have different unit pricing.

Brand Name	Generic Name	Manufacturer	Calendar Year 2014	Calendar Year 2015	Calendar Year 2016	Calendar Year 2017	Calendar Year 2018	Yearly Change	
			Average Spending Per Dosage Unit (Weighted)	Average Spending Per Dosage Unit (Weighted)	Average Spending Per Dosage Unit (Weighted)	Average Spending Per Dosage Unit (Weighted)	Average Spending Per Dosage Unit (Weighted)	Change in Average Spending Per Dosage Unit (2017-2018)	Annual Growth Rate in Average Spending Per Dosage Unit (2014-2018)
Herceptin	Trastuzumab	Genentech, Inc.	\$7.93	\$1.30	\$8.92	\$357.45	\$1,161.08	224.82%	247.87%
Kadcyla	Ado-Trastuzumab Emtansine	Genentech, Inc.	\$3,000.26	\$2,677.29	\$2,276.87	\$1,594.24	\$3,113.34	95.29%	0.93%
Rituxan Hycela	Rituximab/Hyaluronidase,Human	Genentech, Inc.				\$146.97	\$259.60	76.64%	76.64%
Esbriet	Pirfenidone	Genentech, Inc.			\$29.77	\$35.30	\$48.14	36.37%	27.16%
Tnkase	Tenecteplase	Genentech, Inc.	\$1,227.10	\$2,964.24	\$2,565.32	\$2,748.65	\$3,366.24	22.47%	28.70%
Actemra*	Tocilizumab	Genentech, Inc.*	\$164.10	\$270.69	\$353.41	\$405.13	\$478.39	18.09%	30.67%
Ocrevus	Ocrelizumab	Genentech, Inc.				\$1,088.16	\$1,240.84	14.03%	14.03%
Activase	Alteplase	Genentech, Inc.	\$2,766.64	\$2,600.35	\$2,996.47	\$3,590.21	\$3,935.61	9.62%	9.21%
Lucentis	Ranibizumab	Genentech, Inc.	\$25,981.67	\$25,695.61	\$21,080.72	\$19,695.11	\$21,484.19	9.08%	-4.64%
PEGasys Proclick	PEGinterferon Alfa-2a	Genentech, Inc.	\$1,562.99	\$1,553.23	\$1,428.16	\$1,862.90	\$2,029.03	8.92%	6.74%
Cathflo Activase	Alteplase	Genentech, Inc.	\$122.67	\$134.01	\$163.98	\$210.03	\$226.69	7.93%	16.59%
Valcyte	Valganciclovir HCl	Genentech, Inc.	\$49.21	\$33.16	\$26.91	\$42.19	\$44.65	5.81%	-2.40%
Cotellic	Cobimetinib Fumarate	Genentech, Inc.			\$94.96	\$103.38	\$108.22	4.68%	6.75%
Pulmozyme	Dornase Alfa	Genentech, Inc.	\$33.37	\$37.03	\$40.10	\$42.48	\$43.69	2.84%	6.97%
Avastin	Bevacizumab	Genentech, Inc.	\$155.50	\$161.36	\$170.62	\$192.70	\$197.76	2.63%	6.19%
Tamiflu	Oseltamivir Phosphate	Genentech, Inc.	\$1.99	\$2.20	\$2.27	\$2.40	\$2.46	2.14%	5.35%
Gazyva	Obinutuzumab	Genentech, Inc.	\$82.13	\$127.63	\$104.65	\$138.18	\$141.02	2.05%	14.47%

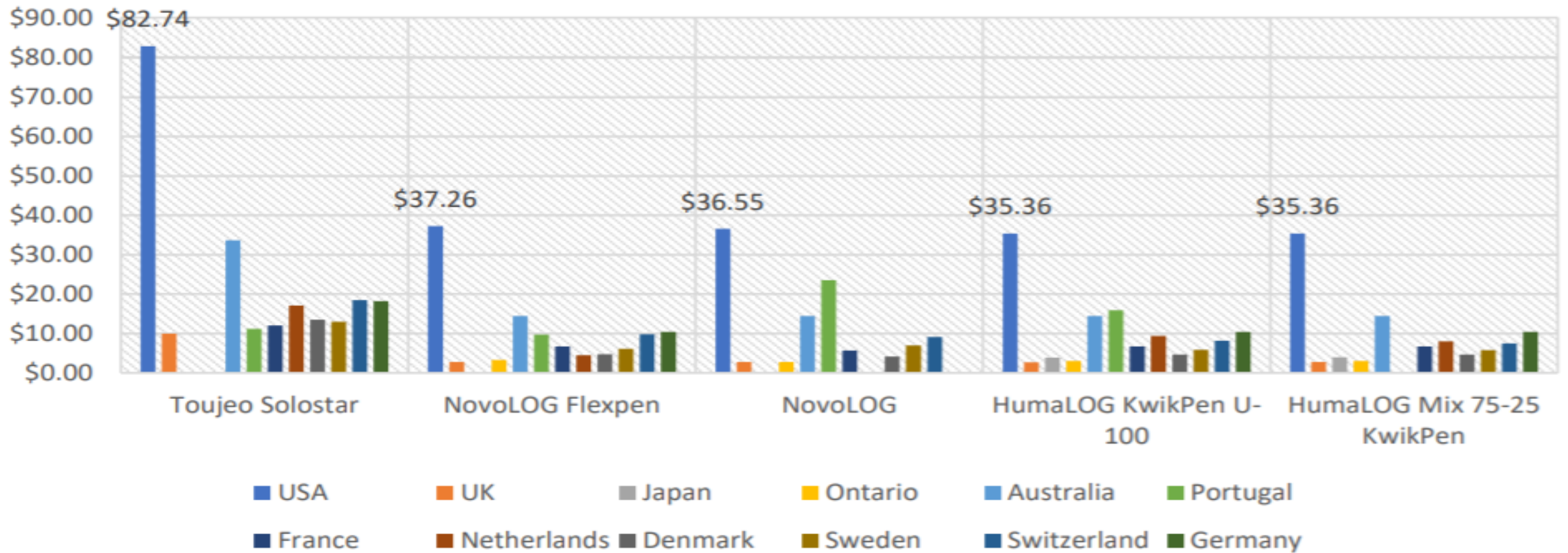
## Medicaid Drug Spending and Utilization, Calendar Years 2014 - 2018 By Manufacturer

\*Average spending per dosage unit reflects multiple routes of administration of the drug (e.g., intravenous, subcutaneous) which individually may have different unit pricing.

Brand Name	Generic Name	Manufacturer	Calendar Year 2014	Calendar Year 2015	Calendar Year 2016	Calendar Year 2017	Calendar Year 2018	Yearly Change		Approval by FDA	Generic available
			Average Spending Per Dosage Unit (Weighted)	Average Spending Per Dosage Unit (Weighted)	Average Spending Per Dosage Unit (Weighted)	Average Spending Per Dosage Unit (Weighted)	Average Spending Per Dosage Unit (Weighted)	Change in Average Spending Per Dosage Unit (2017-2018)	Annual Growth Rate in Average Spending Per Dosage Unit (2014-2018)		
Levaquin	Levofloxacin In Dextrose 5 %	Janssen Pharm.	\$0.73	\$0.94	\$0.15	\$0.73	\$3.38	366.14%	46.81%	1996	Yes
Haldol Decanoate	Haloperidol Decanoate	Janssen Pharm.	\$97.03	\$89.66	\$92.26	\$44.51	\$93.84	110.84%	-0.83%	1986	Yes
Nizoral	Ketoconazole	Janssen Pharm.	\$0.17	\$0.28	\$0.33	\$0.35	\$0.43	22.49%	26.92%	1997	Yes
Ortho-Cyclen	Norgestimate-Ethinyl Estradiol	Janssen Pharm.	\$1.17	\$1.17	\$1.08	\$0.99	\$1.20	20.76%	0.59%	1992	Yes
Concerta	Methylphenidate HCl	Janssen Pharm.	\$7.76	\$8.42	\$9.10	\$9.03	\$10.75	19.06%	8.48%	2001	Yes
Ortho Micronor	Norethindrone	Janssen Pharm.	\$1.41	\$1.39	\$1.29	\$1.16	\$1.38	18.92%	-0.55%	1975	Yes
Sylvant	Siltuximab	Janssen Biotech		\$1,392.78	\$603.88	\$1,252.20	\$1,455.68	16.25%	1.48%	2014	NO
Ultracet	Tramadol HCl/Acetaminophen	Janssen Pharm.	\$1.25	\$1.79	\$2.06	\$1.60	\$1.81	12.96%	9.77%	2001	Yes
Sporanox	Itraconazole	Janssen Pharm.	\$2.13	\$2.37	\$2.10	\$2.12	\$2.37	11.64%	2.76%	2001	Yes
Ortho-Novum	Norethindrone-Ethinyl Estrad	Janssen Pharm.	\$1.95	\$2.15	\$2.25	\$2.34	\$2.57	9.83%	7.15%	1984	Yes
Remicade	Infliximab	Janssen Biotech	\$684.48	\$741.93	\$785.30	\$854.30	\$923.18	8.06%	7.77%	1998	Yes
Topamax	Topiramate	Janssen Pharm.	\$8.15	\$9.34	\$10.29	\$11.24	\$12.08	7.54%	10.35%	1999	Yes
Duragesic	Fentanyl	Janssen Pharm.	\$70.65	\$77.16	\$82.17	\$96.04	\$103.21	7.46%	9.94%	2005	Yes
Pancreaze	Lipase/Protease/Amylase	Janssen Pharm.	\$2.62	\$3.00	\$3.26	\$3.47	\$3.71	7.06%	9.08%	2010	Yes
Invega	Paliperidone	Janssen Pharm.	\$27.30	\$31.49	\$34.38	\$35.87	\$38.15	6.36%	8.73%	2006	Yes
Darzalex	Daratumumab	Janssen Biotech			\$62.62	\$85.23	\$89.70	5.24%	19.68%	2016	NO
Invega Trinza	Paliperidone Palmitate	Janssen Pharm.		\$2,315.77	\$2,381.60	\$2,591.48	\$2,720.30	4.97%	5.51%	2015	Yes

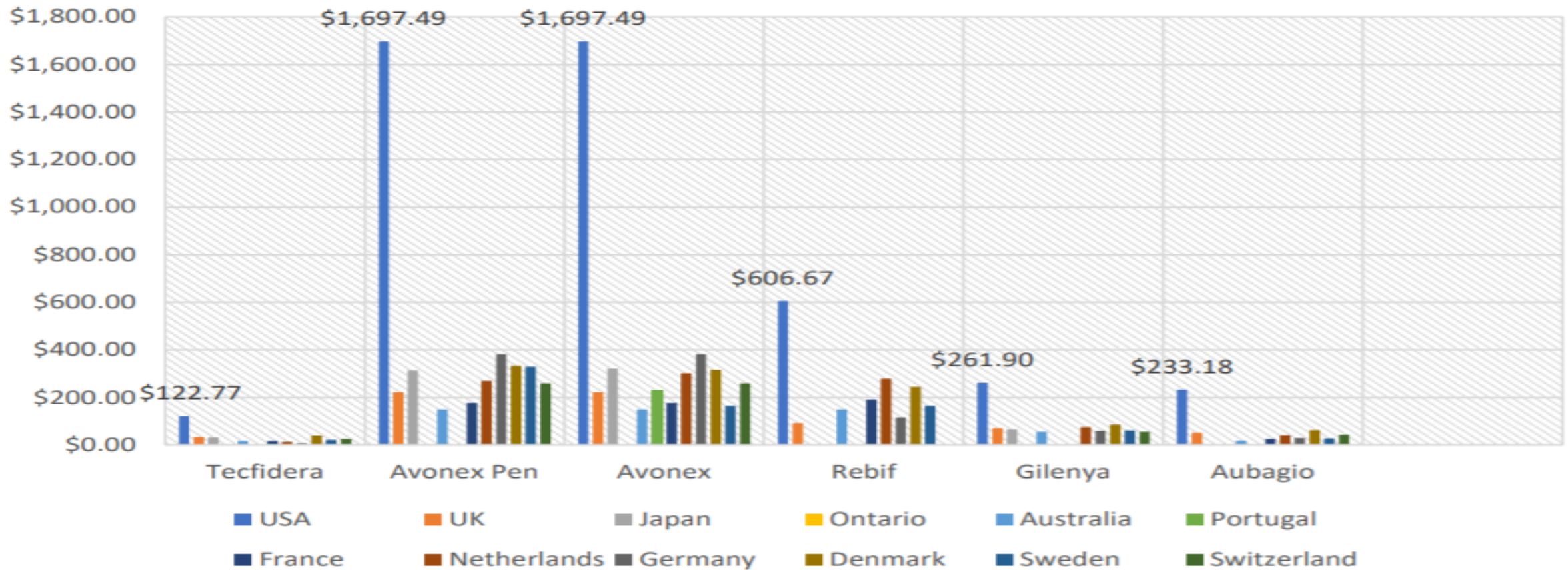
# Insulin Drug Price Comparison 2018

## U.S. verses International Pricing



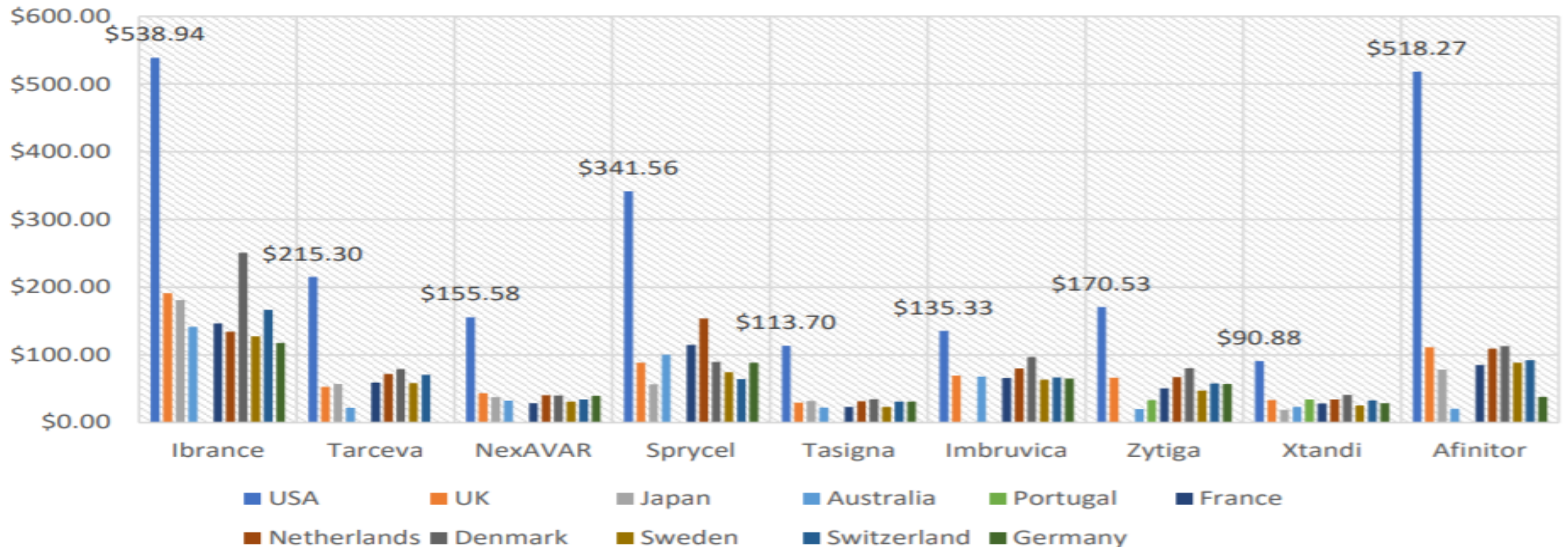


# Multiple Sclerosis Drug Price Comparison 2018 – U.S. vs. International Price Average



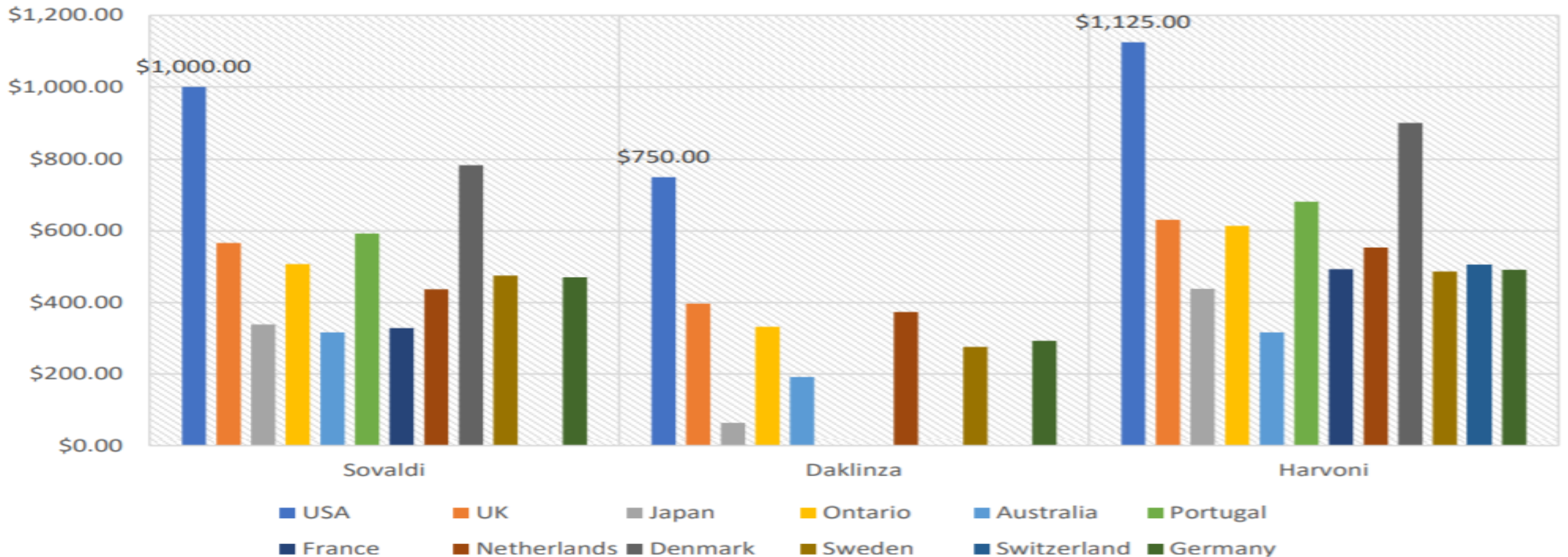
# Cancer Drug Price Comparison 2018

## U.S vs. International Price



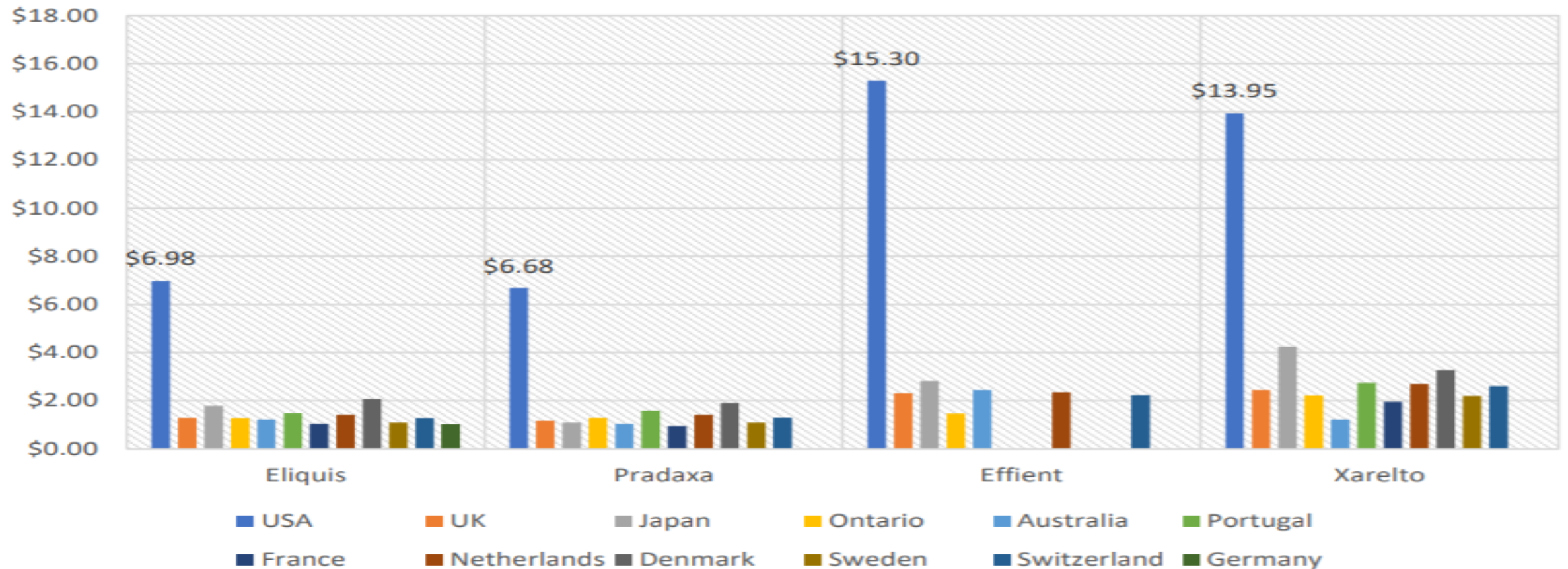
# Hepatitis C Drug Price Comparison 2018

## U.S. vs International Price



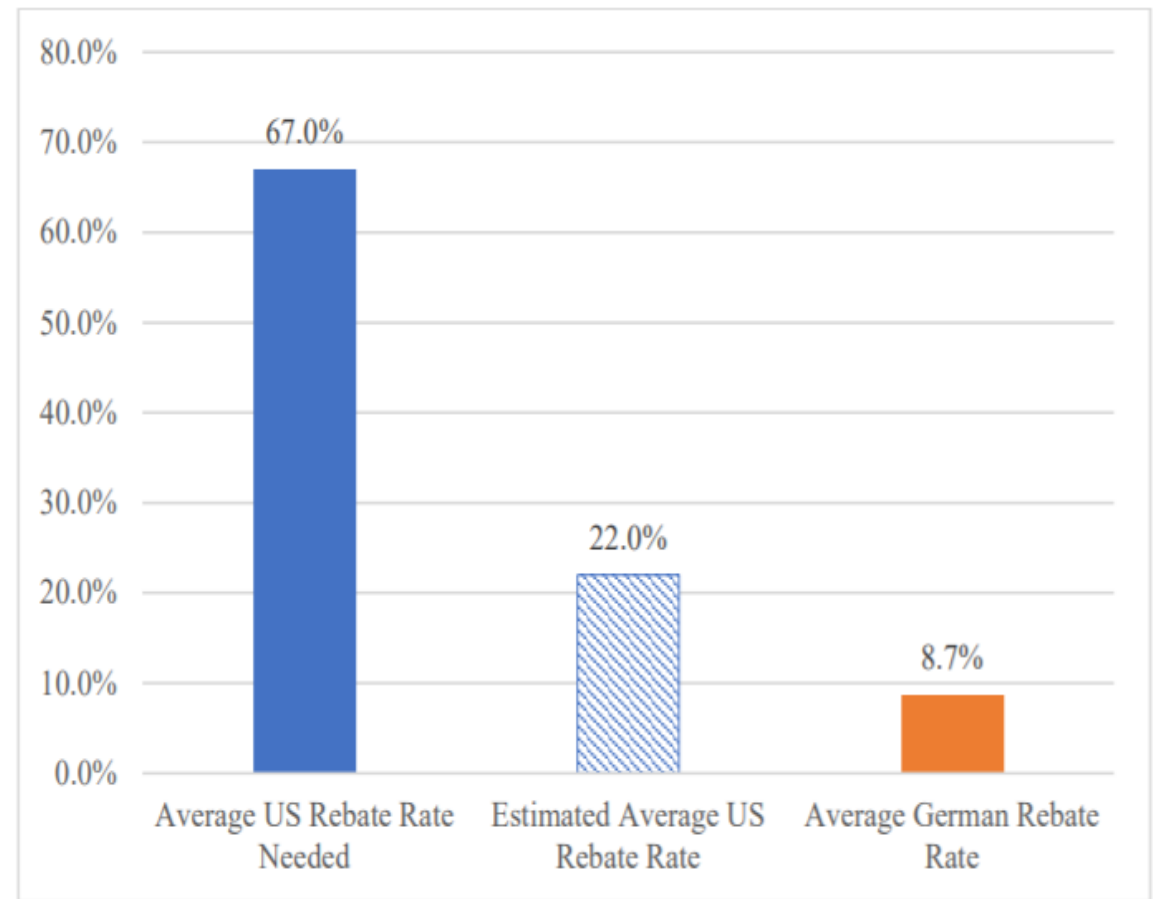
# Blood Thinner Drug Price Comparison 2018

## U.S. vs International Price



# U.S. Rebate Price Required to Match International Pricing

Drug Prices Listed for Each Country			
Country	Average Price	US Rebate Rate Needed	Drugs Listed
U.S.	\$466.15	-	79
UK	\$105.45	77.4%	78
Japan	\$69.50	85.1%	58
Canada (Ontario)	\$132.59	71.6%	47
Australia	\$113.57	75.6%	62
Portugal	\$82.97	82.2%	37
France	\$104.51	77.6%	54
Netherlands	\$152.86	67.2%	61
Germany	\$165.01	64.6%	65
Denmark	\$182.29	60.9%	65
Sweden	\$143.91	69.1%	59
Switzerland	\$116.22	75.1%	72
<i>Average</i>	\$152.92	<b>73.3%</b>	<b>61.4</b>



# Why Prescription Drug Pricing Transparency Matters

- ▶ The rising costs of prescription drugs have increased the financial burden on Michigan residents.
- ▶ Drug costs and continued price increases are a major contributor toward the overall high health care costs and rising consumer premiums.
- ▶ Prescription price increases are significantly outpacing the general inflation rate.
- ▶ Many drugs (brand and generic) have double-digit price increases, often multiple times a year.
- ▶ New drugs being launched have prices exceeding \$100,000 - \$1 Million contributing to unsustainable health care costs.

# Prescription Drug Transparency Legislation

- ▶ Responding to rapidly rising drug costs, **33 states in 2019** drafted more than **51 pieces of legislation addressing drug pricing**
- ▶ Legislation enacted in **22 states**: California, Colorado, Connecticut, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Missouri, Nebraska, Nevada, New Hampshire, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Texas, Vermont, Virginia, and Washington
- ▶ Transparency legislation on prescription drugs is also included under the European Medicines Agency (Policy 0070) which covers 33 countries



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(517) 371- 3181

**CHRISTINE SHEARER – DEPUTY DIRECTOR, OFFICE OF LEGISLATION AND ADVOCACY**

**KAREN A. JONAS, PHARMACIST – MAHP PHARMACY CONSULTANT**