



# Addressing High Prescription Medication Cost: Part 1

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# Agenda: <https://employersforumindiana.org/media/2021/01/Agenda-February-2021.pdf>

Introductions  
Tee Up the Topic

Would you ever pay \$20  
for a Starbucks Coffee?  
• Troy Trygestad

Specialty Pharmacy  
Carveout  
• Candace Shaffer

Maximizing Co-Pay  
Assistance and Good Rx  
• Amy Ball  
• Ed Isakson

Innovative Future of  
Medication Match-  
Making  
• Rich Mousty  
• Mark Williams  
• Daniel Wilson

Purposely Changing our  
PBM Strategy  
• Sheri Alexander  
• Jeff Post

PANEL DISCUSSION  
moderated by  
Candace Shaffer

# Stats: National Health Expenditures in 2019

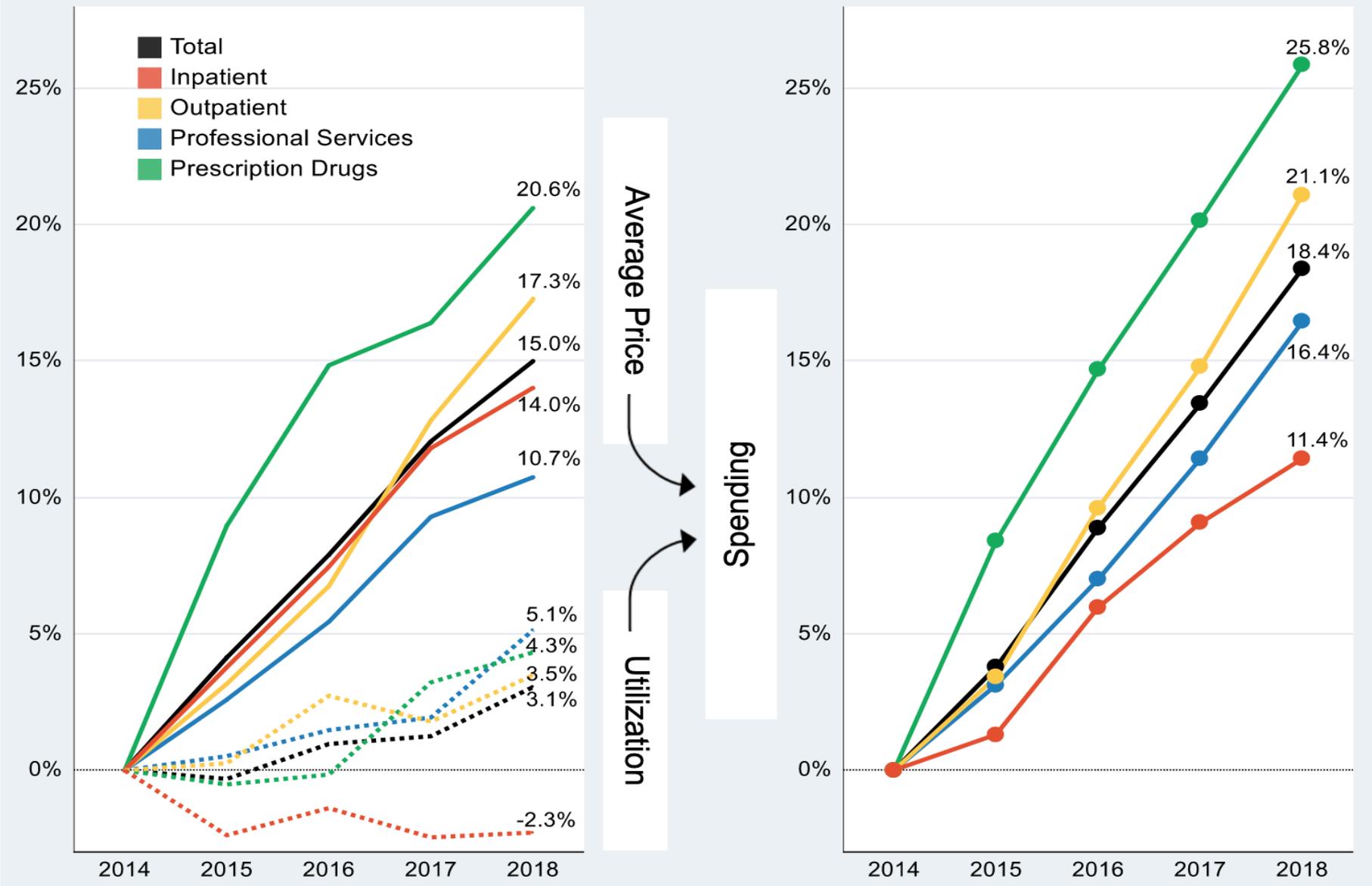
US health care  
spending increased  
4.6%

Retail prescription  
drug spending  
accounted for 10% of  
total health  
spending

Retail prescription  
drug spending  
growth was 5.7%,  
increasing to  
\$369 billion

Households' out-of-  
pocket health care  
expenditures  
increased 4.6%

Figure 4: Cumulative Change in Spending per Person, Utilization, and Average Price by Service Category



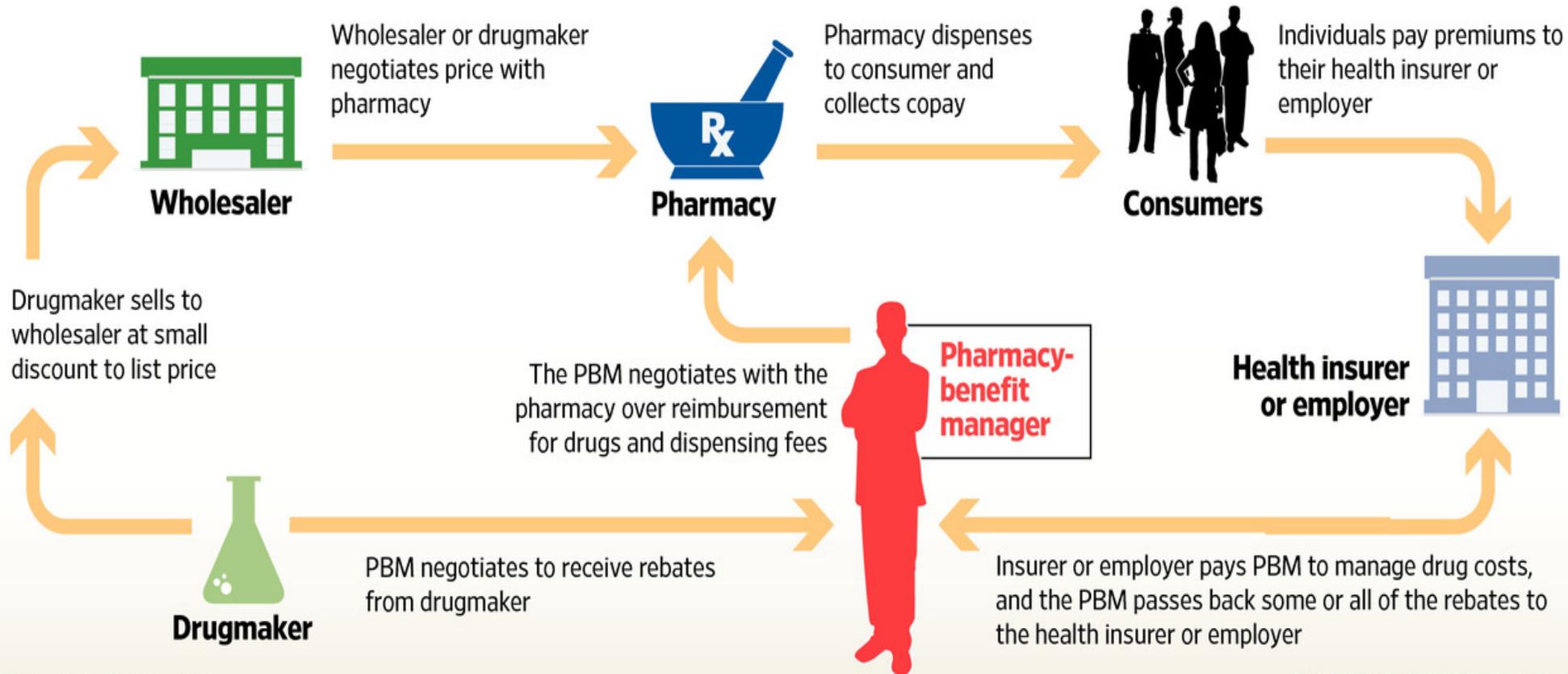
Note: Utilization and average prices account for changes in the type or intensity of services used, with the exception of prescription drugs. Prescription drug spending is the amount paid on the pharmacy claim, which reflects discounts from the wholesale price, but not manufacturer rebates.

Source: [https://healthcostinstitute.org/images/pdfs/HCCI\\_2018\\_Health\\_Care\\_Cost\\_and\\_Utilization\\_Report.pdf](https://healthcostinstitute.org/images/pdfs/HCCI_2018_Health_Care_Cost_and_Utilization_Report.pdf)



# How Drug Distribution Works

A complex supply chain determines how prescription drugs are paid for in the U.S.



Sources: Avalere Health

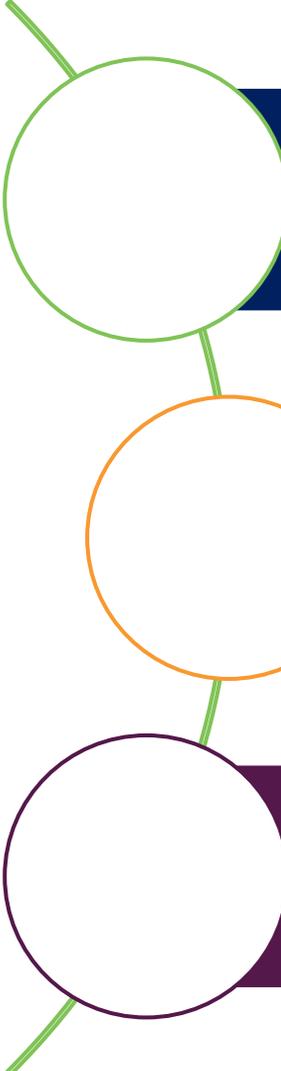
THE WALL STREET JOURNAL.

# Prescription Drug Coupons: Traditional Model

**Exhibit 1:** Flow of drug coupons in patient out-of-pocket spending



# One of Many Rx Problems: Medication Non-Adherence



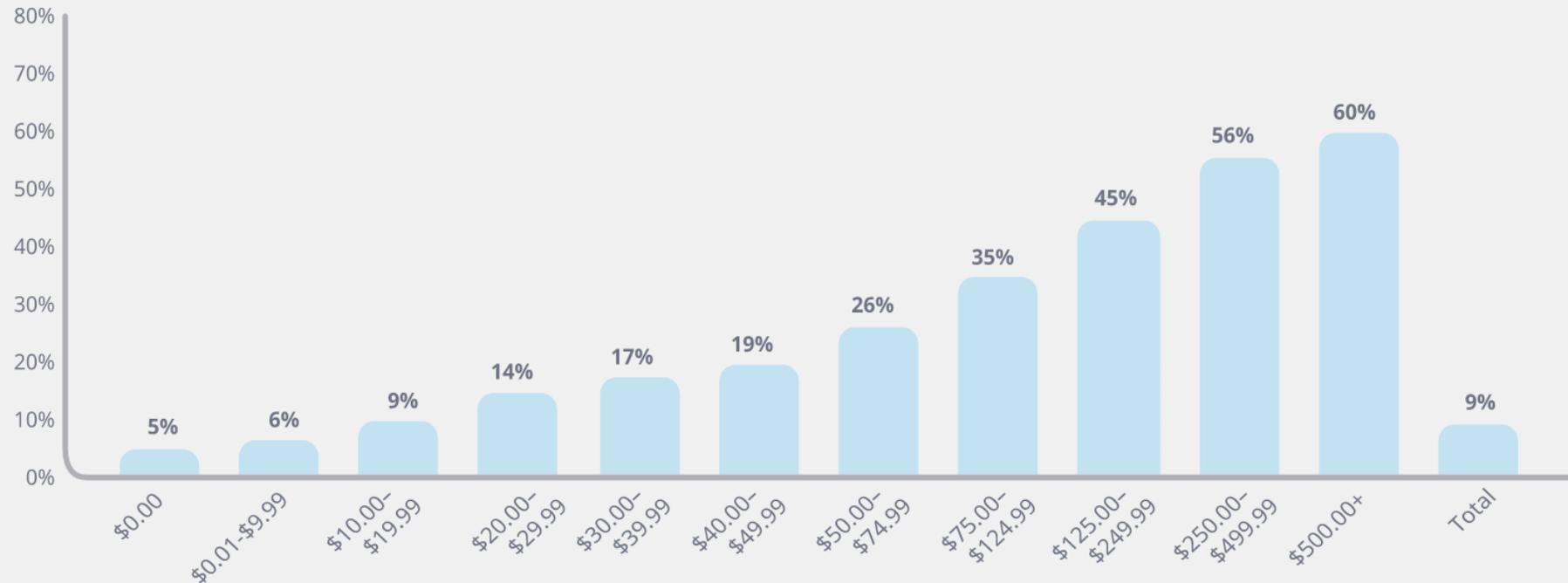
9% of all new prescription starts were abandoned at retail pharmacies in 2019.

Prescription abandonment rates are less than 5% with no out-of-pocket cost, 45% with a cost of over \$125, and 60% with cost of over \$500.

The average abandonment rate of diabetes, anticoagulants, and oral cancer medications 18% of all new therapy starts.

# Rx Non-Adherence Correlates with Price

**14-day Abandonment Share of New-of-Product Prescriptions by Final Out-of-Pocket Cost in 2019, All Payers, All Products**



Source: IQVIA LAAD Sample Claims Data, Dec 20199

Notes: New to product prescriptions are those where patients have not had a prescription for the specific brand or generic drug within the prior year. Pharmacies in the sample provide information on prescriptions which were prepared for dispensing and whether they were dispensed, with abandonment defined as the prescription in question not being dispensed to the patient within 14 days of the initial fill.

Report: Medicine Spending and Affordability in the United States. IQVIA Institute for Human Data Science, August 2020

# Rx Discount Cards: An Opportunity to Maximize

- Pharmacy network discount cards are offered by vendors such as GoodRx, Blink Health, and ScriptSave.
- Discount cards typically cannot be used together with insurance, but serve as an additional option for patients.
- Some PBMs have figured out how to incorporate these discount cards

The logo for GoodRx, featuring the text "GoodRx" in a bold, black, sans-serif font. The "Rx" is slightly larger and more prominent than the "Good". The logo is centered within a solid yellow rectangular background.

Image: <https://images.app.goo.gl/mY1YMahj2sYCSrw17>

Source: [https://www.pharmacytoday.org/article/S1042-0991\(20\)31054-9/fulltext](https://www.pharmacytoday.org/article/S1042-0991(20)31054-9/fulltext)

# Innovation: Mark Cuban Cost Plus Drug Company

## About the Company

- “We will let everyone know what it costs to manufacture, distribute, and market our drugs to pharmacies. We add a flat 15% margin to get our wholesale prices. This makes sure we remain viable and profitable. There are no hidden costs, no middlemen, no rebates only available to insurance companies. Everybody gets the same low price for every drug we make.”

## First Drug = **Albendazole**

- To make and distribute the drug is ~ \$13.00 per tablet
- add a 15% profit margin, so charge is \$15 per tablet as a wholesale price to pharmacies, clinics, hospitals, etc.
- set a manufacturer's suggested retail price at \$20 per tablet.

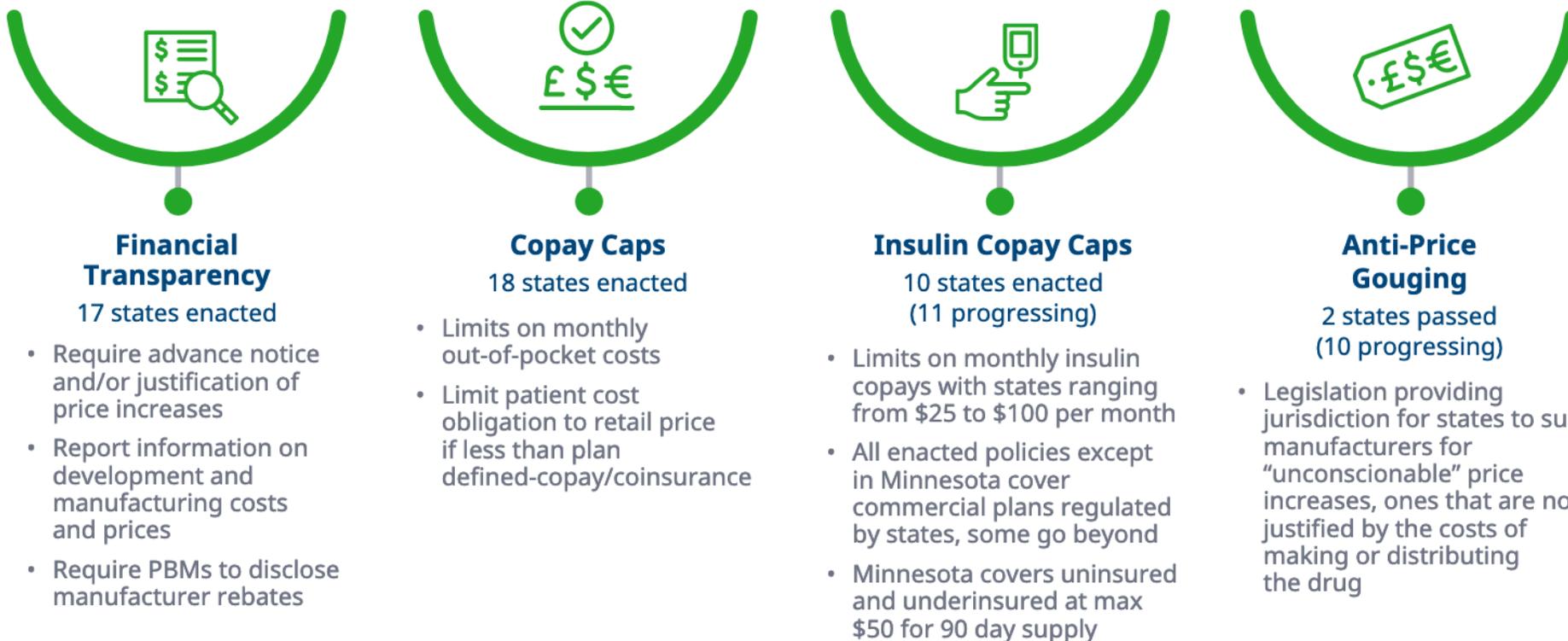


<https://costplusdrugs.com/>

# Legislative Solutions

## Thirty-six states have passed or are actively advancing legislation on four areas relating to drug pricing

Exhibit 22: State Policies Expected to Impact Affordability and Prices in 2020 and Beyond



Source: IQVIA Institute, Jul 2020

Exhibit notes: Gallup-West Health National Healthcare Study, Sept 16-30, 2019, N=1,099.

Source: <https://www.iqvia.com/insights/the-iqvia-institute/reports/medicine-spending-and-affordability-in-the-us>

# Indiana PBM legislation

**Indiana General Assembly**  
2021 Session

Session ▾ Committees ▾ Legislation ▾ Laws ▾ Publications ▾

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- ▶ SB 62 - dead
  - ▶ SB 131 - alive
  - ▶ SB 143 - alive
  - ▶ HB 1393 - alive
- ▶ To follow these bills, visit the Indiana General Assembly website:  
<http://iga.in.gov/>