Executive Summary

Lowering Drug Costs

Prices for brand-name drugs have grown 10 times faster than inflation over the last five years. And until drug manufacturers reduce the high price they set for these drugs, this problem is not going away. As a pharmacy innovation company, CVS Health uses every tool possible to bring down drug costs. Policy solutions that lower drug prices for health plans and consumers, and reduce out-of-pocket costs are aligned with our goal of helping reduce health care costs and improve outcomes.

In response to the Trump Administration’s “American Patients First” blueprint to lower drug prices, we submitted a response highlighting four main areas where we think the Administration can take immediate steps to help reduce costs for consumers.

Chronic Condition Drug Lists

With more Americans now covered through a high deductible health plan (HDHP) with an associated health savings account (HSA), millions of consumers are seeing higher out-of-pocket costs on the part of the benefit they use most — their prescription drug coverage, because they often do not have full prescription coverage until they have met their deductible. Current Internal Revenue Service guidance for HSAs, only allows certain preventive products and services to be covered by a HDHP prior to a patient meeting their deductible.

- Expanding coverage of preventive products and services to include products for managing chronic conditions, or allowing a HDHP to cover drugs prior to satisfaction of the deductible, would help plans provide first-dollar coverage at the pharmacy counter.

- Doing so would improve adherence and health outcomes, and reduce sticker shock when consumers fill their prescriptions.

- This can be accomplished immediately through the regulatory or guidance process.

Real-Time Benefits

We have seen great results from prescribers accessing the real-time benefits information at the point of prescribing. Through their electronic health records system, providers are able to see the member-specific cost for a selected drug, based where the member is in their deductible, and up to five lowest-cost, clinically appropriate therapeutic alternatives based on the member’s formulary.

- For prescriptions written by physicians using real-time benefit information, which are filled by the member, when a lower-cost preferred alternative is presented, physicians are switching to the lower-cost alternative 40 percent of the time. In these cases the member cost was $130 lower per fill, compared to the original non-preferred drug selected.

- For prescriptions written by physicians using real-time benefits and filled by the member, physicians are switching to a covered drug 75 percent of the time when the original drug is not covered.

- We recommend the Administration use every regulatory tool to incentivize the adoption of point-of-prescribing real-time benefit information to help save patients money.
Greater Competition

More must be done to make generics available, including expanding the use of biosimilars, and eliminating tactics that stall competition.

- To increase the availability of biosimilars, the Administration should support shortening the exclusivity period for biologics from twelve to seven years, and finalize interchangeability guidance, which is key to expanding adoption of these lower-cost alternatives.

- By prohibiting pay-for-delay agreements, the Administration can curb anti-competitive practices and help bring lower-cost, clinically equivalent generic medications to market more quickly.

- We also support the bipartisan Creating and Restoring Equal Access to Equivalent Samples (CREATES) Act to stop the abuse of Risk Evaluation and Mitigation Strategies, which costs the health care system $5.4 billion annually by keeping generics from entering the market, and encourage the Administration to do the same.\(^3\)

Medicare Part D Pricing

Strengthen negotiating tools in Medicare Part D, including providing greater formulary flexibility.

- This will help build upon the program’s successful record of delivering affordable drug benefits to seniors at a cost far less than originally projected.