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Pharma bends on US pricing debate

Jonathan Gardner

Disclosing prices to consumers looks like a fait accompli, although the details are still being debated. Icer, meanwhile, could open the door to biopharma's early participation in cost-effectiveness reports.

If you can't beat them, join them. That seems to be the guiding principle behind the biopharma sector's overtures on drug pricing this week, offering a promise of transparency that US government officials said still did not go far enough.

The Pharmaceutical Research and Manufacturers of America's olive branch sought to forestall a Trump administration price transparency proposal that emerged late Monday, which would require disclosing list prices in direct-to-consumer drug advertising. Meanwhile, pharma groups could be offered the opportunity to work more directly with the drug assessment organisation Icer before cost-effectiveness reports are published, allowing them to tweak their clinical programmes to demonstrate economic benefits.

There are worries that this might compromise Icer's integrity, but these are unfounded, the organisation told *Vantage*.

Beating the feds to the punch

Ahead of an announcement by the US Health Secretary Alex Azar, Phrma announced that in early 2019 its members would launch a new "platform" that would direct patients to information on "medicine-specific public cost and affordability", along with patient assistance programmes, cost sharing support and insurance resources. Patients would be directed to the platform from direct-to-consumer (DTC) advertising.

Mr Azar was preparing to announce further steps from the drug pricing blueprint, which would require the list prices to be included in DTC spots. As is its wont, Phrma argued that list prices are not a good indicator of what is actually paid, and could discourage patients from seeking care.

During Johnson & Johnson's third-quarter earnings call today, Jennifer Taubert, head of the group's pharmaceuticals division, said: "I think we need to be careful of things such as list price alone – it's not the full extent of the information, and we'd worry about patients not going to their doctor."

She continued: "[It's] also putting that information into the right context, since list price is just a starting point," she said. "So for patients, what is their likely out of pocket cost, what type of financial assistance is available, in addition to information like the list price."

The Phrma announcement did not mollify Mr Azar, who said in response that it was a “small step in the right direction”. Later in the day, the Centers for Medicare and Medicaid Services released a proposed regulation requiring advertisements for all drugs priced at $35 a month or more disclose the wholesale acquisition cost.

Requiring price disclosure seemed a longshot when the blueprint was released, because transparency has been fought successfully by so many players in US healthcare, including doctors and hospitals (*Seven drug pricing proposals that will happen and a couple that won’t, May 14, 2018*).

However, this still might not happen. The proposal did not have any enforcement mechanism other than to compile a list of drugs whose advertisements are in violation of the rule.

And it is possible that pharma companies would be able to mount a legal challenge to any price disclosure requirement, saying, for instance, that it impedes their freedom of speech. Moreover, there is reason to question whether CMS has any authority here, since the FDA regulates prescription drug ads. Thus Mr Azar might do well to take Phrma up on its offer as it stands.

Early advice

Earlier in the day, news that Icer was preparing to allow earlier participation in its cost-effectiveness evaluations – in return for a fee – shook the biopharma world, although the organisation said its proposal is a little less concrete than portrayed by the Bernstein analyst Ronny Gal.

Icer is considering addressing biopharma companies’ requests for “early scientific advice” – similar to what the UK’s cost-effectiveness agency Nice does – “to help them rethink clinical trial design, so that the trials more adequately measure the types of outcomes that matter most to patients and their families,” spokesman David Whitrap told *Vantage*.

Icer is only considering such a proposal, and indeed has no timetable for making a decision, Mr Whitrap said. If it does proceed with the concept, “we would only do so in a manner that would preserve Icer’s independence and integrity”.

Bringing drug prices under control does not have a single answer, and transparency will have a smaller effect on patients than delivering out of pocket relief – something the Phrma platform at least strives to help consumers find. Icer has always been a longer term project of seeking to reward higher-value products, and to the extent that early biopharma involvement can refine its approach to clinical development, patients will likely benefit.

But in the end, true price control lies in the ability of buyers to say no. With the numerous players in US healthcare, this is a much bigger challenge than in countries with one single purchaser.