

Amgen drops Repatha's list price as US elections loom



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Repatha's price reduction could say more about the state of US politics and competition than it does about long term cost-lowering.

Cynics in the pharma industry must be noting that Amgen's announcement to drop the list price of its cardiovascular drug Repatha by 60% is spookily close to the US mid-term elections.

Those of an even more cynical persuasion will point to the intense competition in the PCSK9 space that recently saw Sanofi and Regeneron strike a deal with Express Scripts to offer greater rebates for their rival project, Praluent, in the hope of gaining more market share.

Drug pricing is an ongoing sensitive issue in US and many of the politicians up for election or re-election next month have been dragging the topic back into the spotlight as a way of connecting with voters. Add to this the fact that President Trump is expected to make an announcement on lowering Medicare drug prices as early as today and the Amgen decision looks perfectly timed.

Blunting the competition

Alongside gaining political capital the price cut, which will reduce the list price of Repatha from \$14,520 to \$5,850, also neatly moves the cost of Repatha below \$8,000, removing the requirement for prior authorisation and thereby getting the drug into plans it might previously have been excluded from and making it easier for doctors to prescribe.

The new price point also places Repatha roughly at the midpoint of the \$4,500-\$8,000 cost effectiveness estimate developed by the US pricing watchdog Icer for high-risk patients using PCSK9s.

The move is part of the ongoing battle for market share between Repatha and Praluent, which earlier this year saw Sanofi and Regeneron strike a blow with their agreement with Express Scripts to lower the net price of Praluent to increase access and lower out-of-pocket costs through higher rebating. This strategy appeared to work, with Praluent increasing its share of the market by 9 percentage points in the month after the agreement came into effect.

Patient-centric...

So it is not surprising that Amgen is striking back. But by dropping the list price the company has taken a different tack.

As well as potentially improving transparency – something that the industry is coming under increasing pressure to do – there will also be benefits for patients, particularly for those covered by Medicare, where co-pays are based on a percentage of the list price. Commercial plans, meanwhile, have more flexibility.

Repatha's reduced price will be similar to that offered to people covered by commercial health plans and PBMs, which should significantly lower the difference in co-pays between Medicare patients and those on commercial plans.

At the moment the co-pay for commercial plan patients can be as low as \$5 a month, compared with up to \$370 for Medicare part D customers who cannot access discounts, Amgen said. The company added that this huge discrepancy in out-of-pocket costs is responsible for 75% of Medicare patients not filling their prescriptions compared with 19% for commercial customers.

But even with the price cut, Medicare customers are still going to be paying more, with estimates of between \$25-\$150 a month for their reduced out-of-pocket costs. And the changes are not due to fully come into effect until 2020, allowing Amgen to keep PBMs onside, who will gradually shift patients over the new drug as their contracts roll over.

The losers in this deal will be distributors and some speciality pharmacies, whose commission is based on list prices.

Those calling for the end for rebates might find some support in the proposals expected today from the White House, where the president is expected to call for the elimination of rebates for Medicare drugs. But given how deeply entrenched the system of rebates is in the pharma system, unless the US government can push through reform, any future rebate reductions will continue to be based on the market share machinations of a handful of companies.