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# Big pharma execs decry rebates, but how big might list price cuts be?

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## Executives were pressed to lower prices in a post-rebate world, but a broad commitment to offset rebates did not materialise.

The seven big pharma executives summoned to testify before a Senate committee expressed support for President Donald Trump's proposed regulation to ban rebates in Medicare.

But in exchange they were pressed to make list price cuts equivalent to their rebates, and not all of them committed explicitly to do so. Astrazeneca's chief executive, Pascal Soriot, did say this was a step he would be prepared to take, and Pfizer's Albert Bourla suggested that his company would pass all the savings on to patients, saying "we will not keep a single penny".

However, Abbvie's Richard Gonzalez only pledged to reduce patients' out-of-pocket costs, which might not necessarily involve lowering list prices.

**Written commitment**

As the hearing wrapped up yesterday, the finance committee's senior Democrat, Senator Ron Wyden, asked for a written commitment after most of the executives told committee members that list prices would go down by an unspecified amount should the regulation go into effect.

The seven executives also expressed support for a variety of pricing reforms, such as speeding generic small-molecule drugs and biosimilars to market, capping out-of-pocket expenditures for Medicare beneficiaries, and striking value-based reimbursement agreements.

Agreement was not unanimous: Abbvie's Mr Gonzalez cautioned that value-based deals might lower prices and leave pharma companies with less revenue available for R&D. Mr Gonzalez was the only executive to justify drug prices by saying they supported R&D, an argument from which the sector has largely moved away as value-based pricing has gained support. If prices drop, Mr Gonzalez said, "reality is that we won't be able to do the R&D".

**A look at patents**

Mr Gonzalez also took a significant amount of heat for the patent longevity of Humira, which will finally lose US market exclusivity in 2023 after 20 years on the market.

This suggests that lawmakers might want to take another look at the US biosimilars law, which grants 12 years of market exclusivity for biologicals as opposed to the five years offered to small-molecule agents. Certainly, the $1.6bn a year Medicare spends on Humira, and the fact that European prices have sunk 80% since the launch of biosimilars last year, must have members of Congress rethinking the law.

In contrast to Mr Gonzalez’s grilling, Sanofi’s Olivier Brandicourt was largely left alone on insulin prices – this had been expected to be a hot topic coming into the hearing.

The other executives called to testify were Giovanni Caforio of Bristol-Myers Squibb, Jennifer Taubert of Johnson & Johnson’s pharmaceuticals division and Merck & Co's Kenneth Frazier.