

Lowering the Cost of Prescription Drugs

The Alliance of Community Health Plans (ACHP) supports bipartisan approaches to comprehensively address the exorbitant cost of prescription drugs, bringing financial relief to consumers and addressing anticompetitive behavior in the market.

Pragmatic solutions that support a level playing field between pharmaceutical companies and other parts of the U.S. health system, maintain the private sector's ability to innovate and deliver high-quality, high-value care and inject accountability and transparency into the failed market are imperative to creating lasting impact on out-of-control drug prices.



Redesign the Medicare Part D Benefit

Seniors in the Medicare Part D prescription drug benefit have no out-of-pocket cap, even in the catastrophic phase — when out-of-pocket spending exceeds \$6,550, not accounting for premiums. Because drug makers have no financial responsibility in the catastrophic phase, Medicare, health plans and seniors are left to finance the cost — which can extend to hundreds of thousands of dollars.

- Create an out-of-pocket cap for seniors in Part D and eliminate any consumer responsibility in the catastrophic phase.
- Require significant financial liability for drug companies throughout each phase of the Part D benefit.
- Provide health plans additional tools and flexibilities to negotiate lower drug prices, including removal of restrictions on drugs while maintaining robust coverage and offerings of those drugs.

Allow Direct Government Negotiation on Highest Cost Drugs without Competition

Unlike all other players in the health sector, drug companies are not subject to price oversight. Unlike the VA and state Medicaid programs, HHS is not able to leverage its buying power to secure competitive pricing. Medicare Part D's 250 top-selling prescription drugs with just one manufacturer or no generic or biosimilar competition accounted for 60 percent of net total Part D spending.

- Provide the HHS Secretary limited authority to negotiate prices for the highest cost prescription drugs without competition.
- Extend price negotiation to the commercial market and prohibit drug makers from cost-shifting to non-Medicare consumers.
- Apply an International Pricing Index or reference pricing to set a maximum price no greater than 120 percent of the average international market price of the highest cost drugs without competition.



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Create Inflationary Caps for Drug Price Increases

Most prescription drug prices increase significantly faster than the rate of inflation. In January 2021, the price of 735 drugs jumped, many by as much as 10 percent without justification.

- Require drug manufacturers to provide rebates for any price increase above the rate of inflation for Part B and D drugs.

Increase Drug Pricing Transparency

Drug companies are not required to justify product pricing, disclose planned increases or provide research and development costs. While health plans and providers are subject to federal transparency requirements, the same standards do not apply to drug makers.

- Enact drug pricing transparency rules that require drug manufacturers to report and justify price increases, including the FAIR Drug Pricing Act.

Expand Adoption and Utilization of Biosimilars

Biosimilars have near-identical clinical properties to an existing, approved therapy, but cost less. Increased utilization of biosimilars has the potential to significantly lower spending on prescription drugs. The FDA has approved 29 biosimilar products but less than a dozen are available on the market today. Drug makers abuse the patent system to create insurmountable barriers that keep lower cost therapies and biosimilars out of the hands of consumers.

- Incentivize further adoption of biosimilar products through clinician and patient education.
- Increase biosimilar reimbursement to improve utilization.
- Empower the Federal Trade Commission to crack down on anticompetitive tactics that keep biosimilars from coming to the market.

Broaden Use of Transparent, Fee-Based Pharmacy Benefit Managers

Transparent, fee-based pharmacy benefit managers (PBMs) pass on 100 percent of rebates and discounts from drug makers. Unlike traditional PBMs that lack transparency about how much rebate they keep — an approach that can encourage the use of higher cost drugs and increased list prices — transparent fee-based PBMs revenue source is a flat, administrative fee.

- Encourage and incentivizing the adoption of transparent, fee-based PBMs.

