Prescription Drugs and Costs: Challenges and Opportunities

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Break-through products including biologics and specialty drugs promise extended lives or first-ever cures for individuals. Yet some price tags in this $310 billion U.S. market have shocked those who foot the bill – including state governments, Medicaid, employers, health insurers and patients themselves. States are considering a variety of legislation to rein in costs, assist consumers or shift the burden. Terms such as “medically necessary,” “medication adherence,” “fail first,” “preferred drug lists,” “value-based purchasing” and “interchangeable biosimilar substitution” make state capitals sound like pharmacies. Hear state and medical experts sort out the headlines, the noise and the results so far.

Presenters

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Moderator:
Representative James Dunnigan, Utah
During the 2016 General Session Rep. Dunnigan served as the Majority Leader and on the Executive Appropriations Committee. He currently co-chairs NCSL’s Health and Human Services Committee.

Legislative Respondents and Q & A
Spending on medicines increased by double digits for a second year in 2015 and reached $425 billion based on invoice prices. After adjusting for estimated rebates and other price concessions by manufacturers, which rose sharply in 2015, net spending was $310 billion, up 8.5% over 2014 levels. The surge of new medicines remained strong and the use of recently launched brands remained at historically high levels, while the savings from brands facing generic competition were relatively low. Specialty drug spending on a net price basis reached $121 billion, up more than 15% from 2014.

Longer-term trends driven by the Affordable Care Act and in response to rising overall healthcare costs continued to play out in 2015. In particular, healthcare is being delivered by different types of healthcare professionals and in different facilities, and patients face higher out-of-pocket costs as well as access barriers. The outlook for medicine spending through 2020 is for mid-single digit growth driven by further clusters of innovative treatments, offset by a rising impact from brands facing generic or biosimilar competition.

-- IMS Medicines Use and Spending 2015