



My Script on the Rising Cost of Prescription Drugs

My Solution to The Rising cost of Prescriptions; Don't Do Drugs!

Not a realistic solution as many prescription drugs are helpful in treating various ailments, reducing pain and curing disease. But we need to be prepared for the next wave in astonishing increases in prescription drug charges passed on to our employer health plans, government plans and member out of pocket cost.

More Wonder Drugs in the Pipe Line

Not too long ago, the FDA approved the hepatitis C treatment Sovaldi. Observers hailed the drug as a "game changer" because it combined a high cure rate with a 12-week regimen, far shorter than other treatments. For many of the estimated 3.2 million U.S. residents with chronic hepatitis C, relief from the disease's highly elevated risk of long-term effects -- such as liver damage, cirrhosis, liver failure, or liver cancer -- was now just 84 days away. Previous treatments lasted 24 to 48 weeks, had a lower cure rate and often came with serious side effects, such as anemia and depression.

The excitement of the hepatitis C cure went "viral". Manufactures have since introduced similar treatments using Harvoni and Daklinza to name a couple others. Then they saw the price tag went up to \$150,000, or \$1,785 per pill. Cue the outrage. Industry analysts argued that the cost was unreasonable.

Lawmakers got involved, with Rep. Henry Waxman (D-Calif.) and two other Democrats and the Senate Finance Committee writing letters to Gilead's CEO, asking him to explain the price. Meanwhile, high-profile payers like CVS Caremark and Express Scripts balked at the price and questioned whether they would cover it. But how can you say no to a cure for a dreaded disease?

The dialogue on the drug's price continues, but stakeholders who want to see the price drop still have no concrete answer on how to do just that.

Can the Affordable Care Act come to the Rescue?

At this point, you might be saying, "Wait just a minute, surely the *Affordable* Care Act can do something about the high cost of Sovaldi, right?" So what does the ACA do to hold down what some would call exorbitant prices for prescription drugs?

Technically, nothing...The ACA does have several provisions that seek to control costs, but none of them relate to prescription drug pricing. And while (some) lawmakers for years have suggested that the federal government be allowed to negotiate prices on behalf of Medicare beneficiaries, no such provision made it into the ACA.

Additionally, the ACA has forced health plans to put caps on the out of pocket expenses for prescription drugs. In the past, Manufacturer Programs often offset the out of pocket costs of

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members on expensive “brand name drugs”, however the new caps have shifted a much larger risk to the health plans.

IAA Has Ideas

IAA can help your plans with a few cost control services available through Pharmacy Benefit Managers.

1. Step-Therapy when introducing long term maintenance medications.
2. Pre-authorization for any Prescription drug costing more than \$2,000.
3. Fraud, Waste and Abuse Comprehensive Solution
4. Hospital Transition Program

Although some controls can seem intrusive to a member’s care, the cost savings can be huge and the member will still gets great care and an effective medication or treatment plan.

Doctor Shopping Can Be A Money Maker....For Some Nefarious Types

The Center for Medicare and Medicaid Services (CMS) reports that in a study of just four states they found 16,000 Medicaid beneficiaries “doc-shopping” to five or more docs to acquire multiple prescriptions for drugs to re-sell on the street or abuse.... mainly antipsychotics and respiratory medications. Percocet sells for \$30-\$40 per pill on the recreational and abusive drug streets.

A New Idea to an old Idea: Over Charging for Drug Rehabilitation Services

The number one reason for admissions to rehabilitation centers is for “legal” prescription drug abuse. Florida is one of the leading states for new expensive drug rehabilitation centers. Many of these centers are taking advantage of suffering patients and families by charging five to six times the normal cost for a 30 day rehabilitation stay.

“Who cares about cost of care, insurance companies have lots of money.”

We have all heard the above phrase mentioned with sincerity or in jest, but the truth is we all pay when the system is gamed. Protect your plan by encouraging members to stay in network or do what many IAA clients do, limit out of network service reimbursements to a Medicare level of payment (saves about 80% off charges.)

Consider the above as forewarning of a coming financial storm. Please make an appointment with your insurance broker or IAA to review ways to alleviate unnecessary cost of medical services. A penny saved.....

*Thank you,
Paul Kelly, President*