Medicines: Price, Access and Health
Spending Differences Between the United States and Other Countries

Per Capita Health Care Spending

- United States
  - Rx: $1,000
  - Other Health Care: $8,713

- Canada
  - Rx: $1,000
  - Other Health Care: $4,351

- Germany
  - Rx: $1,000
  - Other Health Care: $4,819

Organization for Economic Co-operation and Development data

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Medicine Compared to Healthcare Spending Growth

Sources: Centers for Medicare & Medicaid Services (CMS) data\(^1\), FDA

2014 and 2015 more than 40 medicines approved by the FDA each year

Sources: Centers for Medicare & Medicaid Services (CMS) data\(^1\), FDA
Restricting Access to Medicine Has a Cost

U.S. patients tend to have better outcomes

- Greater investment in and availability of cancer treatments in the US (vs. EU) is associated with better patient outcomes\(^1\)

US patients faster & better access

- Physicians in the US can prescribe many new medicines as soon as FDA approval is received vs. 1-2yr delays in some HTA-based countries\(^1,18\)

- US patients have access to the highest proportion of new oncology indications vs. HTA-reliant countries\(^2,19\)

Life expectancy after diagnosis (years)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>6</td>
<td>8</td>
<td>10</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>European Union</td>
<td>95%</td>
<td>54%</td>
<td>46%</td>
<td>40%</td>
<td>38%</td>
</tr>
</tbody>
</table>

US Canada Australia Scotland England New Zealand

12. Kaczynski et al. (2016) JHPOR
14. SMC Advice: sofosbuvir 400mg tablet (Sovaldi®) (2014)
15. CADTH Common Drug Review Sofosbuvir (2014)
17. Phillipson et al, Health Aff (2012) 31:4667-675
Cost Containment Is Built Into Medicines

Data adapted from: HCUP Hospital Charge database 2005 and 2013, average Hospital Charge; IMS National Sales Perspective (NSP) Invoice Price in 2005 (branded Lipitor), 2013 (generic) and 2014 (generic); as reported in PhRMA's Prescription Medicines: Costs in Context, August 2016
### Change in Spending 2014 vs 2005

<table>
<thead>
<tr>
<th></th>
<th>Total Population</th>
<th>Top 15% Spenders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total benefit costs</td>
<td>49%</td>
<td>59%</td>
</tr>
<tr>
<td>Paid by insurers</td>
<td>48%</td>
<td>58%</td>
</tr>
<tr>
<td>Deductibles</td>
<td>202%</td>
<td>231%</td>
</tr>
<tr>
<td>Copayments</td>
<td>-30%</td>
<td>-24%</td>
</tr>
<tr>
<td>Coinsurance</td>
<td>81%</td>
<td>86%</td>
</tr>
<tr>
<td>Total cost sharing</td>
<td>59%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Adapted from Kaiser Family Foundation analysis of Truven Health Analytics MarketScan Commercial Claims and Encounters Database, 2004 – 2014. Includes enrollees with total spending (including claims paid by the insurer and out-of-pocket costs) in the top 15% in each year. In 2014, enrollees in the top 15% had total costs that exceeded 6,717.
Drivers Of Premium Increases

Reasons for Proposed Insurance Premium Increase
2017 Individual and Small Group Market

- Inpatient: 15%
- Outpatient: 30%
- Professional: 28%
- Prescription Drug: 14%
- Other: 10%
- Capitation: 3%

Source: Avalere Health, “Outpatient Services are the Largest Driver of 2017 Premium Increases,” Aug 02, 2016
Patient Out of Pocket Costs

Cost Sharing In Exchanges: For High Burden Diseases

**Percentage of Affordable Care Act Exchange Silver Plans Placing All Drugs in the Class on the Specialty Tier**

<table>
<thead>
<tr>
<th>Class</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protease Inhibitors</td>
<td>16%</td>
<td>29%</td>
</tr>
<tr>
<td>HIV-Other*</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>Antiangiogenics*</td>
<td>67%</td>
<td>60%</td>
</tr>
<tr>
<td>Molecular Target Inhibitors*</td>
<td>34%</td>
<td>47%</td>
</tr>
<tr>
<td>Multiple Sclerosis Agents</td>
<td>42%</td>
<td>51%</td>
</tr>
</tbody>
</table>

*There are no generic drugs available in this class. All products are single-source.

Source: Avalere Health PlanScape®

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In a 2014 analysis, nearly half (49%) of exchange plans analyzed had formularies that were difficult, extremely difficult, or impossible to access.

Solutions Framework: Does the Proposal?

Increase access to life changing treatment

Reduce patients and health systems total costs meaningfully

Improve patients health

Make the market place more competitive

Meaningfully affect the total cost of care in the long term and short term