

The Crystal Ball for Cancer Policy in 2022



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Today's Chat Agenda

- Updates: Community Oncology Alliance (COA) and COA's Patient Advocacy Network (CPAN)
- Review of the landscape impacting cancer care policy
- What to expect at the federal and state levels?
- COA's priorities for 2022
- What to expect in the midterm elections?

Learn more:

COA's Patient Advocacy Network: www.coaAdvocacy.org
Community Oncology Alliance: www.communityoncology.org

Biggest Issues Relating to Cancer Care Policy?

- Drug pricing, drug pricing, drug pricing
 - Cancer drugs are expensive
 - Many politicians love to bash pharma
 - Regardless of what pharma is doing to deliver vaccines and anti-virals in record times
 - Easy to point fingers at pharma, but actual problem is much more complicated
- Drug price to most (all) Americans means their out-of-pocket cost
 - The drug price is only relevant to the extent it relates to the out-of-pocket cost incurred
- Pharma on the hook for setting the underlying drug list price
 - List and net drug prices are going in different directions
- Drug cost is a function of several factors
 - Drug list price
 - Benefit design
 - Co-pay/co-insurance/deductibles
 - Provider mark-up
 - Insurer formularies

Reality of Drug Price (List vs. Net) Dynamics

Brand-Name Drugs, Change in List vs. Net Price, by Company, 2020

Company	[A] Average list price change	[B] Average net price change	[A] - [B] Gross-to-net difference	Average reduction from list price
Eli Lilly and Company	+3.4%	-5.3%	-8.7%	-60.0%
Janssen	+3.8%	-5.7%	-9.5%	-53.0%
GlaxoSmithKline	+3.2%	-0.7%	-3.9%	n.a.
Merck & Co	+3.1%	+0.9%	-2.2%	-45.5%
Novartis	+3.7%	-0.2%	-3.9%	-46.8%
Sanofi	+0.2%	-7.8%	-8.0%	-54.0%
Unweighted average	+2.9%	-3.1%	-6.0%	-51.9%

Source: Drug Channels Institute analysis of company reports

Published on Drug Channels (www.DrugChannels.net) on April 14, 2021.



More Reality on Drug Prices

FIGURE 1. Share of Gross Drug Expenditures Realized by Manufacturer and Nonmanufacturer Stakeholders (2020)

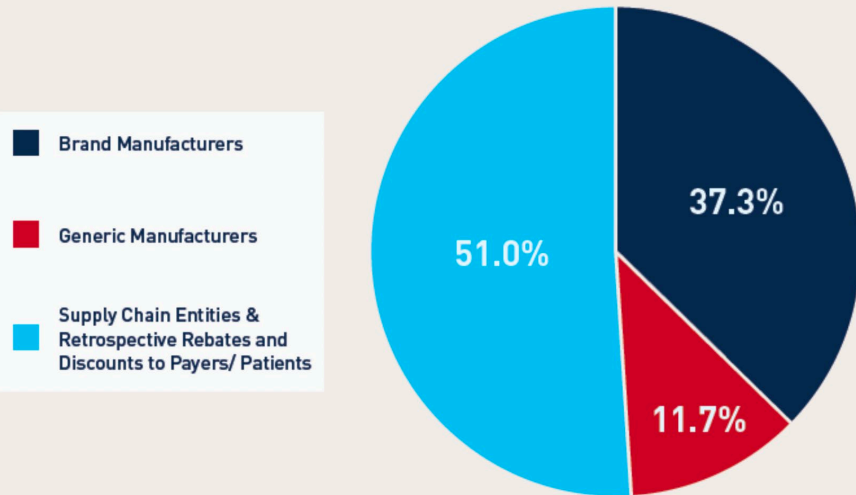
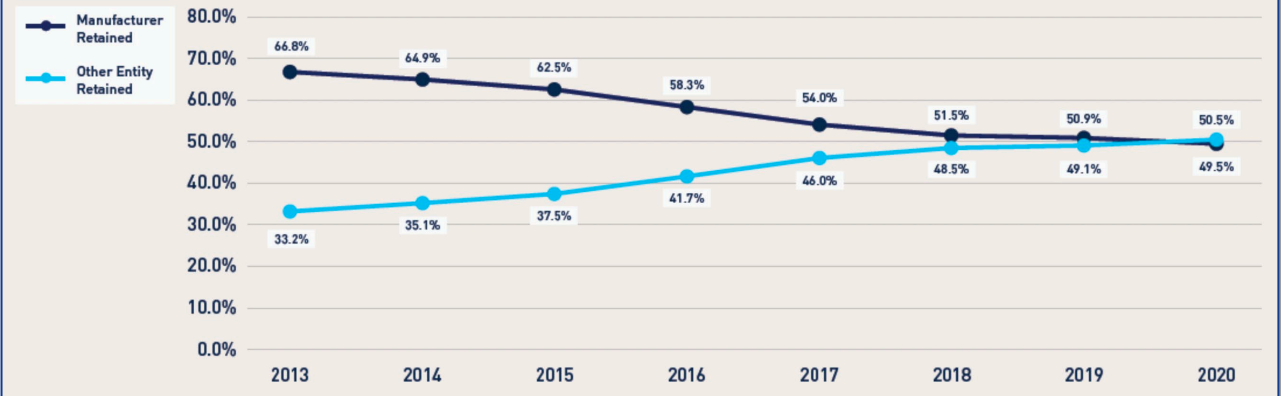


FIGURE 3. Total Gross Expenditures for Brand Medicines Received by Manufacturers and Other Stakeholders (2013-2020)



Hospitals Profit from Cancer Drugs

EXHIBIT 3. Median 340B Hospital Markup vs. 340B Hospital Discounted Acquisition Cost

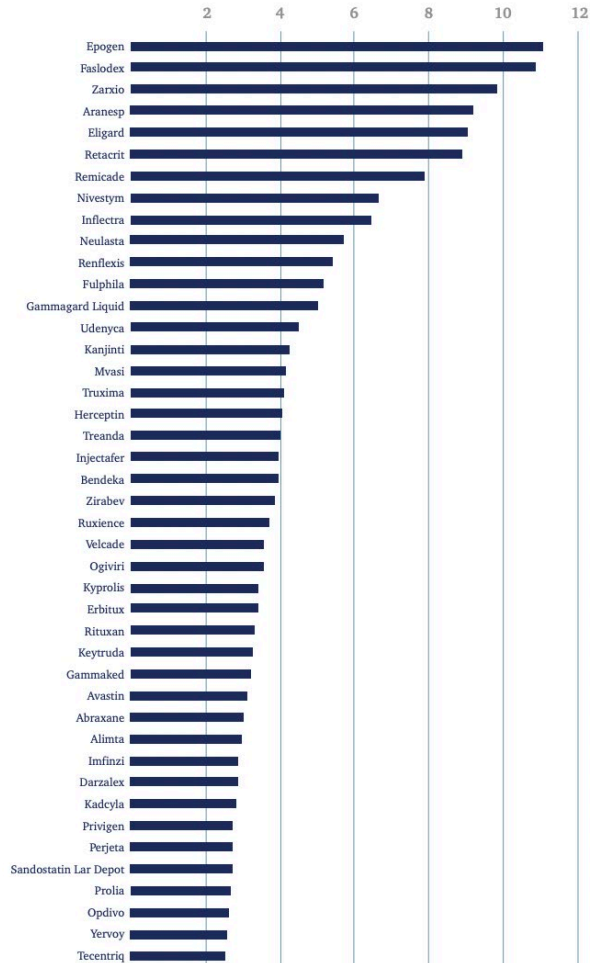
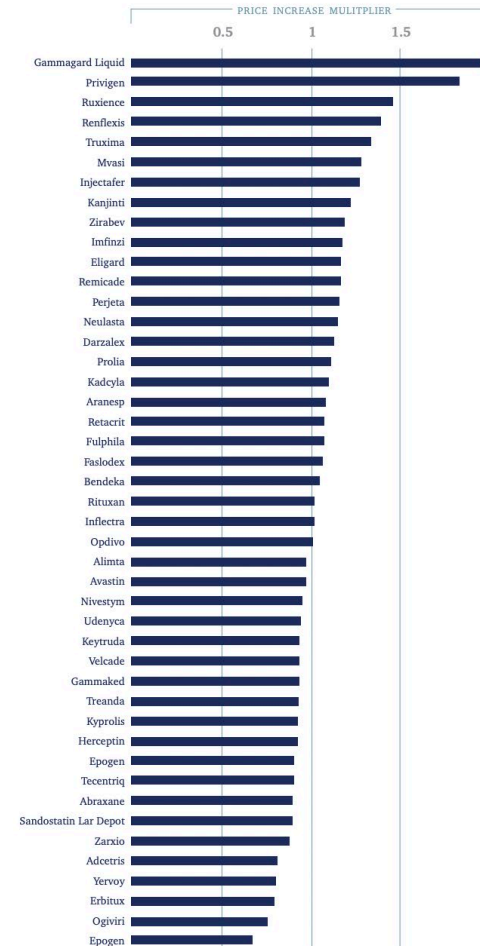


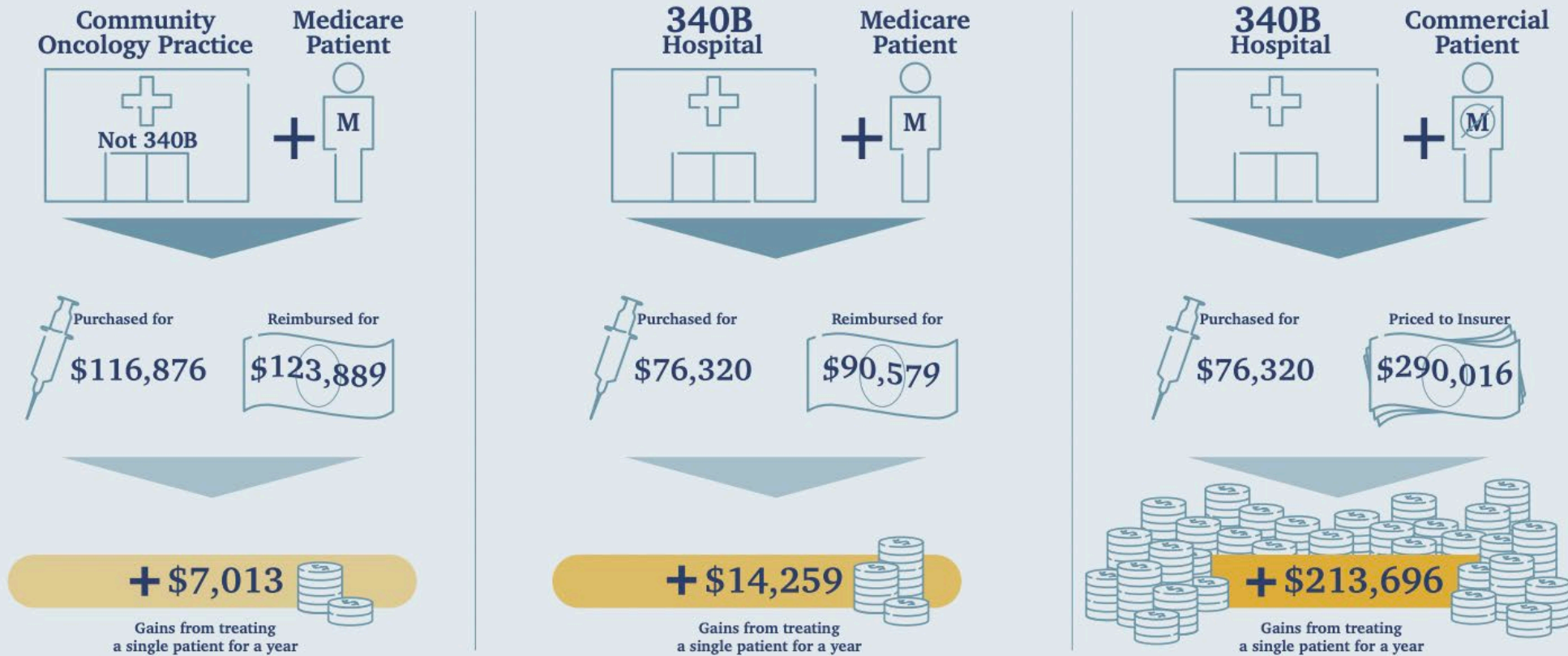
EXHIBIT 10. Comparison of Cash Price Markup to Median Negotiated Insurance Price



340B hospitals charge virtually the same median price for cash paying or uninsured patients as they do for insurers

Real Example of Hospital Drug Profits

EXHIBIT 5. Price Breakdown of Darzalex Markups and Profit Across Care Settings and Payers

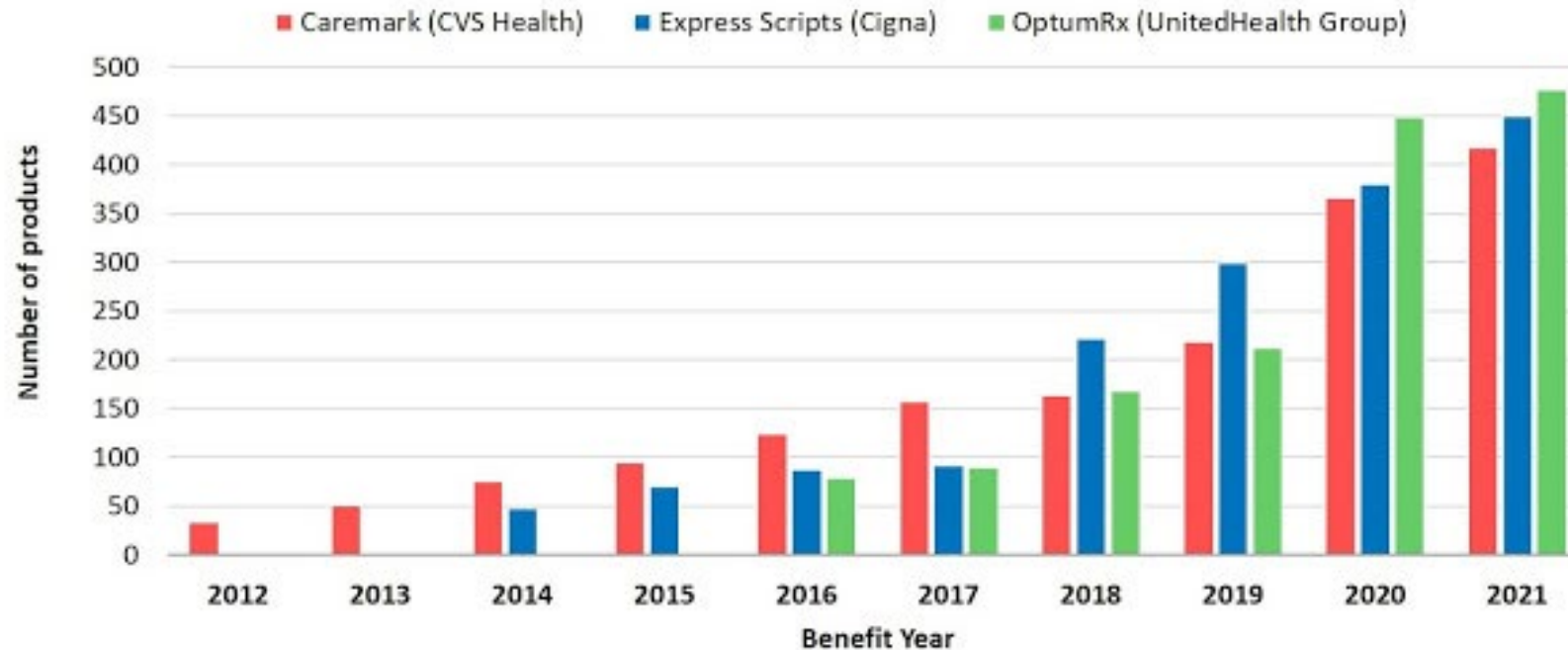


PBMs Profit from Cancer Drugs

- Pharmacy Benefit Managers (PBMs) are top Fortune 100 corporations that control virtually all of the prescription drugs in this country
 - The top 3 PBMs, who are also tied to the largest health insurers, control upwards of 80% of all prescription drugs
 - CVS/Aetna, Express Scripts/Cigna, OptumRx/UnitedHealthcare
- PBMs profit from high drug list prices – the higher the list price, the more PBMs profit
 - They extract (extort) rebates from pharma to include their drugs on formularies
 - They extract (extort) after-sale fees (DIR) from pharmacists
- Collectively, PBMs and their insurers adversely impact cancer care
 - Fuel drug list prices higher
 - Cancer patients pay off of list prices
 - Dictate (restrict) treatment and where it is given

Pharmacy Formulary Exclusions

Number of Products on PBM Formulary Exclusion Lists, by PBM, 2012 to 2021



Source: Drug Channels Institute analysis of company reports; Xcenda. Note that some data have been restated due to midyear additions to exclusion lists. Express Scripts did not publish exclusion lists before 2014. OptumRx did not publish exclusion lists before 2016. Note that PBMs may exclude many of the same medications, so certain products may appear on multiple lists.

Published on Drug Channels (www.DrugChannels.net) on January 12, 2021.

Crystal Ball on DC Drug Pricing Initiatives

- Democrats in Congress tried to advance the Build Back Better Act to allow Congress to “negotiate” prescription drug prices in the Medicare program
 - Major problems with the BBBA approach to fix drug costs:
 - Deals with prices of drugs with no competition after they are on the market
 - Could even fuel initial drug list prices
 - Does not stop hospitals and PBMs from marking up and fueling drug prices
 - Puts oncologists and physicians in the middle of government and pharma “negotiations”
 - Puts undue financial exposure to oncologists making their practices not financially viable
 - BBBA now dead in the water
 - Democrats may try later this year to advance drug pricing legislation
- House Oversight & Reform Committee held a forum/hearing on PBMs

Comer: Congress Must Review PBMs’ Role in Rising Prescription Drug Prices

WASHINGTON—House Committee on Oversight and Reform Ranking Member James Comer (R-Ky.) **opened today’s forum** on “Reviewing the Role of Pharmacy Benefit Managers in Pharmaceutical Markets” by emphasizing congressional oversight of rising prescription drugs must include an examination of pharmacy benefit managers’ (PBMs) role.

Crystal Ball on DC Drug Pricing Initiatives (continued)

- Biden Administration moved to force PBMs to disclose all after-sale fees (DIR) so drug costs are lowered for Medicare seniors at the pharmacy
 - First meaningful step to acknowledging that the “drug pricing” problem is not all a pharma problem
 - PBMs are a real problem

Biden Regulators Take Action on Hidden Pharma Monopolies

A proposed rule would eliminate the ability of pharmacy benefit managers to extract profits after a prescription drug is sold.

BY DAVID DAYEN JANUARY 10, 2022



WILFREDO LEE/AP PHOTO

Pharmacy benefit managers such as Express Scripts are middlemen who negotiate prices between health plans and drug companies.

Crystal Ball on State Drug Pricing Initiatives

States Probe Business Practices of Pharmacy Benefit Managers

Ohio, Oklahoma, Georgia and New Mexico are among those scrutinizing PBMs



JANUARY 2, 2022 | Albany, NY

Ohio Re

Governor Hochul Signs Landmark Legislation Bringing Transparency and a Comprehensive Regulatory Structure to Otherwise Unregulated Pharmacy Benefit Managers

Supreme Court upholds controversial Arkansas law that regulates pharmacy benefit managers



By Ed Silverman Dec. 10, 2020

Reprints



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COA 2022 Priorities

- Bring down treatment costs for cancer patients
 - Advance legislation that would provide pharma 340B discounts directly to patients in need rather than go to hospital profits
 - Advance legislation that would stop PBMs from denying and delaying cancer treatment, especially by restricting where patients can get their drugs
 - Support legislation and the Biden Administration in stopping PBM rebates and after-sale pharmacy fees that artificially fuel drug prices
 - Stop restrictive PBM and insurer tactics that limit cancer patient treatment options
 - Advance the use of effective but less expensive biosimilar drugs
- Stop misguided public policy that puts community oncology practices in undue financial harm's way leading to clinic closings and mergers into expensive hospital systems

COA's 2022 Priorities (continued)

- Continuing to help practices navigate COVID-19
 - Heighten the awareness of the adverse impact of COVID on cancer screenings and treatment
 - Launched a MAJOR PSA campaign, "Time to Screen," on the importance of cancer screenings
- Work with employers to understand how they can provide their employees with the highest quality, most affordable cancer care close to home



Crystal Ball on the Midterm Elections?

- As of now, Republicans take the House and Senate
- Threat of Democrats losing the House and Senate forcing them to go big on issues, like drug pricing, rather than taking an incremental approach
- \$60,000 question is will a divided government bring policymakers together or just further divide them?
- Republicans likely will put less emphasis on pharma in drug pricing investigations and more on the middlemen like PBMs

Thanks!



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Thank You to Ted Okon & Our Listeners!

Don't miss our next advocacy chat
Wednesday, February 2, 2022, 12:00 PM – 12:30 PM ET

The Financial Crisis of Cancer



Carla Tardif
Chief Executive Officer
Family Reach