



Eliminating Pharmaceutical Rebates

What Is the Likely Impact on Prices and Spending for
Consumers, Payers, and Government?

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Multiple Analyses: By the Numbers

MedPAC	<p>195% List price increases between 2007-2017 for small number of single-source drugs lacking alternatives</p>	<p>13% These same drugs comprised 13% of Rx's filled in 2016 and spending overwhelmed savings from high Part D generic utilization</p>	
CMS	<p>1.7% volume = 42% spend Top 50 highest cost Part D drugs in 2017</p>	<p>40% and 22% 40% of these top 50 high cost drugs would alone drive enrollee into catastrophic and 22% would do so with just one prescription fill</p>	
CBO	<p>1% volume = 30% Brand specialty drugs in 2015 accounted for 1% of Part D volume but 30% of spending net of rebates</p>	<p>\$8,680 vs. \$2,570 Average net price per Rx of new branded specialty drugs in 2015 vs. those on market prior to 2010</p>	
HHS-OIG	<p>17% Rx volume decline & 62% net spend increase Part D brand Rx volume decline and net spending increase after rebates (2010-2015)</p>		
Milliman	<p>\$1,367 and 35% "Regular" brands (2016) Avg. annual cost and avg. rebate</p>	<p>\$8,476 and 24% "Specialty" brands Avg. annual cost and avg. rebate</p>	<p>\$4,200 and 14% "Protected Class" brands Avg. annual cost and avg. rebate</p>

[See AHIP Comment Letter of April 8, 2019 – Key Data](#)



Range of Impacts from Eliminating Rebates Under Alternative Scenarios: 2020-2029

	OACT Estimates	Projections Based on OACT Estimates	
Rebate Share Retained by Manufacturer	15%	30%	50%
Beneficiary Costs	(\$25.2)	\$1.0	\$36.5
Cost Sharing	(\$83.2)	(\$69.6)	(\$49.2)
Premium	\$58.0	\$70.5	\$85.7
Government Costs	\$196.1	\$291.6	\$410.2
Direct Subsidy	\$258.7	\$271.3	\$286.4
Reinsurance	(\$20.3)	\$50.0	\$134.9
Low-Income Cost Sharing Subsidy	(\$57.7)	(\$48.5)	(\$34.1)
Low-Income Premium Subsidy	\$15.4	\$18.9	\$23.0
Manufacturer Gap Discounts	(\$39.8)	(\$33.2)	(\$23.5)

[Avalere Health analysis](#) of the 2015 Medicare Current Beneficiary Survey, the 2018 Medicare Trustees Report, and data from the Centers for Medicare & Medicaid Services (CMS) Office of the Actuary (OACT) – does not account for impact of April 5 CMS guidance on new demonstration program involving Part D risk corridors for 2020 and 2021