FEDERAL DRUG PRICING

This infographic provides a general overview of the federal drug pricing landscape, but there is so much more that we will address in the future. Note that this infographic is published in January 2022 and we will update the information when possible.

MEDICARE NEGOTIATION

What is Medicare?

Please check out this link for Medicare basics!

- Part A: Inpatient medical coverage
- Part B: Outpatient medical coverage
- Part C: Medicare Advantage Plans
- Part D: Prescription drug coverage

The Elijah E. Cummings Lower Drug Costs Now Act (H.R. 3) is the bill that passed the U.S. House of Representatives in 2021 and would allow Medicare to negotiate drug prices. Given that Medicare is the largest health care program in our country, lowering prices under Medicare through negotiation would mark a significant victory against pharmaceutical profiteering. According to Edwin Park at the Commonwealth Fund, Medicare negotiation is expected to reduce government spending by $455 billion over 10 years.
The Medicaid Drug Rebate Program requires a pharmaceutical company to have a drug rebate (discount) agreement with the Secretary of the Department of Health and Human Services for the Medicaid program.

Pharmaceutical companies have to pay a rebate for drugs that were paid for under the individual state’s Medicaid plan. Rebates are paid quarterly to states and these rebates are shared between the federal government and states to offset the prescription drug coverage by the Medicaid program. Note that this program is for outpatient prescription drugs.

Patents are granted from the U.S. Patent and Trademark Office to pharmaceutical companies to encourage innovation and reward the development of new medicines.

The U.S. cannot negotiate to lower drug prices under Medicare Part D as of January 2022. There are continuous pushes to allow the U.S. government to negotiate prescription drug prices under Medicare Part D. The advocacy efforts should include price caps on medications such as insulin for the uninsured, something of which is left out of Build Back Better.
The patent system, however, has been abused by numerous companies in order to extend market exclusivity (i.e. prevent other companies from entering the market and producing generics or biosimilars as less costly alternatives to brand name drugs).

Per the Initiative for Medicines, Access, and Knowledge, across the top 12 grossing drugs in the U.S.:

- 125 patent applications were filed and 71 granted patents per drug
- 68% increase since 2012 and only one drug decreased in price
- 38 years of attempted patent protection blocking generic competition

To learn more about the patent system and solution, watch this video from TedWomen2019 by Priti Krishtel of I-MAK.