Push Back Against Expensive Medicines

The reporter, editor and university professor behind Nebraska's Rural Health News Service on sparking a national conversation about the high cost of prescription drugs.

July 7, 2014 By Trudy Lieberman

Many Americans have begun to realize they're paying too much for prescription drugs. And maybe — just maybe — a national conversation on the topic has begun, sparked by the introduction last year of Sovaldi, touted as the most effective way to treat patients with hepatitis C.

The problem is Sovaldi's hefty price tag — $84,000 for a three-month regimen — and the fact that insurers have begun factoring the price they are paying for the drug into the premiums all of us will pay for health insurance in the next few years. UnitedHealth Group announced it had already paid $100 million to cover Sovaldi for its policyholders in the first three months of this year.

To get an idea how Sovaldi could crowd out spending for other health care needs, let's look at Oregon. One of the state's Medicaid managed care organizations noted that if 30 percent, or 814 members out of a total of 2,466 with hepatitis C, got the drug, the cost would be about $68 million. Compare this to the $72 million the health plan spent for all its pharmaceuticals last year, and you get the point.

I have written about Sovaldi before in a "Thinking About Health" column. Since then a Washington-based group called the National Coalition on Health Care, which counts insurers, employers, unions, providers, and faith-based organizations among its members, has launched the Campaign for Sustainable Rx Pricing. CEO John Rother says it's an effort to discuss possible solutions for rapidly escalating drug prices. Rother, who is the former chief lobbyist for AARP, and helped pass the Medicare prescription drug law a decade ago, knows a thing or two about drugs.

He told me that since the drug law passed, price increases have been held in check largely because of the greater use of generic substitutes. Not so any more with the debut of Sovaldi and with some 200 specialty drugs in the pipeline, which may be priced as high as Sovaldi. The country, he says, is headed down an unsustainable path when it comes to paying for medicines.

As a country we've rarely asked whether paying for these super high-priced drugs means we may have to forego other health care services. Insurers, employers, Medicare and Medicaid have rarely blinked. They've just paid the bills. Nor have payers always carefully scrutinized the evidence that a new expensive medicine actually did what the drug maker claimed it would do. They paid even

when there was little evidence a drug was effective. This time it's different.

The California Technology Assessment Forum, a private group funded by insurers, has recommended that Sovaldi be used only for the sickest patients. In Oregon the Center for Evidence-Based Policy established by the governor a decade ago and based at the Oregon Health & Science University has said there have been no long-term trials, and many of those trials that have taken place were laced with conflicts of interest. It recommends more comparative studies and restricting use for now.

The United States has no official oversight agency like the National Institute for Health and Care Excellence (NICE) in the U.K., which evaluates new drugs and technologies and makes recommendations to the National Health Service. NICE will complete its review in the fall. Meanwhile the British health service is paying the equivalent of $32 million to treat 500 of the sickest patients.

There's zero chance the United States will adopt a NICE-like organization any time soon. The Affordable Care Act prohibits the Patient-Centered Outcomes Research Institute, created by the ACA, from considering costs when it evaluates the effectiveness of various treatments. And Medicare is not allowed to consider cost in deciding whether to cover a drug or a device. The government's hands are tied.

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