

Three Minute Read™

Insights from the Healing American Healthcare Coalition™

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From the Editor: Covid-19 claimed more than 95,000 American lives during January, making every day a 9/11 during the pandemic's deadliest month. This issue of **TMR** updates vaccine news and focuses on prescription drug spending, including Ed Eichhorn's column recommending three steps to be taken. To access each article, just click on the headline.



[Johnson & Johnson Applies For Emergency Use Authorization For COVID-19 Vaccine](#)

by Dustin Jones, NPR, 2/4/21

TMR Topline™ - J&J has applied to the FDA for an emergency use authorization for its Janssen vaccine. If granted, J&J aims to supply 100 million doses in the first half of 2021. Overall, it is [66% effective](#) in preventing moderate to severe Covid-19 four weeks after the shot is administered. J&J said the vaccine was 72% effective in the US, compared to 66% in Latin America and 57% in South Africa. Unlike Pfizer and Moderna, J&J's Janssen vaccine requires only one injection and can be stored for at least three months at 36-46F.

TMR's Take – Having a single dose vaccine available that does not require cold storage will, if approved by the FDA, accelerate getting more Americans vaccinated. Novovax is not far behind in the vaccine pipeline. Clinical trials of the two-dose vaccine are underway in the US and Mexico. Like the J&J vaccine, it can be stored and shipped at normal refrigeration temperatures. If the trials

are successful and the FDA approves, 110 million doses could be available by the end of June.



[Here's How Much More the U.S. Spends on Rx Drugs](#), by Kristina Fiore, Director of

Enterprise & Investigative Reporting, MedPage Today
January 28, 2021

TMR Topline™ - On average, prescription drug prices were 2.56 times higher in the US than in 32 other OECD countries in 2018 according to a [new RAND Corporation analysis](#). For brand name drugs, the US paid an average of 3.44 times more, while generics cost slightly less - 84% of the price in other OECD nations. Generics also are prescribed more frequently in the US, accounting for 84% of volume compared with 35% of prescription drug volume in the other countries. Brand name drugs account for 82% of US spending, but only 11% of volume. The U.K., France, and Italy had the lowest prescription drug prices among the G-7 nations. Total drug spending for the 32 countries was \$795 billion. RAND's Andrew Mulcahy, PhD, MPP commented "*Many of the most-expensive medications are the biologic treatments that we often see advertised on television,*" and expressed hope that competition from biosimilars will drive down prices and spending for biologics.



[States Move Ahead With Canada Drug Importation While Awaiting Signal From Biden](#), by Phil

Galewitz, Kaiser Health News, 1/29/21

TMR Topline™ - Florida, Colorado and several New England states are moving ahead with efforts to import prescription drugs from Canada, but it's not clear yet whether the Biden administration will allow states and the federal government to help Americans obtain lower-priced medications from Canada. PhRMA filed suit in DC federal court to stop the drug-purchasing initiatives in

November. Prices are cheaper north of the border because Canada limits how much drugmakers can charge for medicines. The 2003 Canadian drug importation law requires that the HHS Secretary certify that it could be done safely. HHS Secretary Alex Azar gave that approval in September, but HHS nominee Xavier Becerra's position is not known. Experts also question whether the savings could be significant given the expense of setting up and running an importation program given that some of the highest-priced drugs, such as insulin and other injectables, are excluded from drug importation.



[Seniors Face Crushing Drug Costs as Congress Stalls on Capping Medicare Out-Of-Pockets,](#)

by Harris Meyer, Kaiser Health News, 1/4/21

TMR Topline™ - KHN's series on drug pricing also covered the problems encountered by Medicare beneficiaries under Part D, particularly with cancer drugs. Except for very low-income beneficiaries, Part D drug plans have no cap on patients' 5% coinsurance costs once they hit \$6,550 in drug spending. Medicare patients face modest out-of-pocket costs if their drugs are administered in the hospital or a doctor's office and they have a Medigap or Medicare Advantage plan, which cap those expenses. But during the past several years, dozens of effective drugs for cancer and other serious conditions have become available in oral form at the pharmacy. Medicare patients increasingly pay the Part D out-of-pocket costs with no set maximum. According to a 2019 JAMA study, prices for 54 orally administered cancer drugs increased 40% from 2010 to 2018, averaging \$167,904 for one year's treatment. The high drug prices and coverage gaps have forced many patients to rely on complicated financial assistance programs offered by drug companies and foundations. Fewer than 5% of U.S. cancer centers have experts on staff to help patients with problems paying for their care. A 2019 [KFF survey](#) found that nearly 70% of seniors want Congress to pass an annual limit on out-of-pocket drug spending for Medicare beneficiaries, but Congress can not agree on how to fund such a limit.

TMR's Take – We've said it before: healthcare – it's **really** complicated! With so many middlemen involved in getting prescription drugs to the patient, it's little wonder that America's drug prices are the highest in the world. It's long past time to streamline and simplify the process.

From the Editor: The Biden Administration is tackling enormous challenges in its first 100 days, including its promise to continue on the path to universal healthcare by building on the ACA. One initiative with broad support is addressing the high cost of drugs in the US. "*Healing American Healthcare*" co-author and [Coalition](#) co-founder Ed Eichhorn shares his thoughts about moving forward with three plans that could reduce the high cost of drugs.



[America Needs Lower Drug Prices Now – Here Are 3 Ways To Do It](#) The Healing American Healthcare Coalition Blog by Ed Eichhorn 2/5/21

TMR Topline™ - The US pays more than twice as much as the other 36 nation members of the OECD pay for prescription drugs. Studies of US drug pricing and prescribing patterns have found that Americans use about the same amount of the same medications as do citizens of other OECD member nations. Americans just pay more for them. The other nations in the OECD negotiate drug prices on a national basis. America does not. Drug companies set their prices independently in the US. It will be difficult for lawmakers to develop legislation for a way to negotiate drug prices on a national basis even though this has worked in many other nations. There are three approaches that the US could apply to bring down the cost of prescription drugs:

Control Hospital Drug Pricing – Hospital markup of the drugs they administer to inpatients are not regulated. Hospitals should be limited to a 10% markup on any medication that they provide to their inpatients to cover their inventory costs.

Limit Orphan Drug Markups – The Orphan Drug Law was enacted in 1983. It encourages R&D to develop life-saving drugs for diseases that affect less than 200,000 people. It also provides a valuable incentive for drug companies to expand their businesses and to improve their profitability. The cost of these lifesaving medications has gone up by 64 times since 1983. This law should be amended to control the growth in orphan drug prices.

Allow Drug Importation – It is well known drugs are sold at lower prices in other countries. It makes sense to promote international ordering of drugs to lower costs for American consumers. Some states are beginning to negotiate with Canada to have the right to import drugs for their residents.

Applying these three approaches could go a long way towards lowering drug costs for all Americans.