



STEMMING THE HIGH AND RISING COSTS OF PRESCRIPTION DRUGS

A Roger C. Lipitz Center for Integrated Health Issue Brief

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JOHNS HOPKINS
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**Roger C. Lipitz Center
for Integrated Health Care**



INTRODUCTION

Approximately 3 out of 5 Americans regularly take prescription drugs. Expanding the accessibility and affordability of prescription drugs for the American public is especially important for older adults and people with multiple chronic conditions who depend on prescription drugs to slow disease progression and maintain quality of life. The lack of affordable prescription drugs can lead to poor adherence to treatment that has long-term health and economic consequences.

For over 5 years, faculty at the Roger C. Lipitz Center for Integrated Health Care based in the Department of Health Policy and Management at the Johns Hopkins Bloomberg School of Public Health have been engaged in a multi-disciplinary initiative to understand the landscape and propose solutions to reduce prescription drug spending in America. This initiative involves collaborating with decision makers and developing policies to reduce prescription drug spending without stifling innovation in the pharmaceutical industry.



POLICY INITIATIVES AND IMPACT

Working with Congress

The United States Congress is working to expand access and reduce the costs of prescription drugs, which makes the expansion of coverage for other services such as eyeglasses, hearing aids, dental benefits and support for family caregivers possible. Faculty at the Center are supporting this effort by developing and modeling the budgetary impacts of specific proposals to reduce drug spending based on empirical data and presenting them to lawmakers at the national level.

Most recently, in the spring of 2021, Center faculty Mariana Socal, MD, PhD, testified in Congress about the possibility of using prices paid in other countries to negotiate prescription drug prices on behalf of Medicare beneficiaries and privately-insured Americans. Dr. Socal has collaborated closely with recent congressional investigations on pricing practices of large drug makers. In a *Health Affairs* paper and a report on international drug pricing policy produced with the Ways and Means Committee of the U.S. House of Representatives, Center faculty have provided evidence demonstrating Americans pay significantly more than patients in other nations for the same prescription drugs.

A selection of national level policy initiatives Center faculty are working on include:

- Preventing anti-competitive practices by the pharmaceutical industry.
- Improving transparency in prescription drug pricing and policy decision-making.
- Improving access to medicine
- Understanding pharmaceutical pricing fairness

Partnering with States

States are pioneering alternative solutions to provide better prescription drug access and improve affordability to their constituents. Maryland established a Prescription Drug Affordability Board that will set an upper payment limit on how much the state's employee health plan will pay for drugs. The Center supported the Maryland legislature on the creation of the Board. Expert Gerard Anderson, PhD, was appointed by the Maryland Attorney General to serve as a member of the Board.

Pursuing another strategy, the state of California launched an initiative to produce their own generic drugs. Drs. Socal and Anderson worked closely with the California Department of Health and Health Care Services to help develop the list of prescription drugs that the initiative will produce and ensure that they meet the most important needs of Californians.

Liaising with the Federal Administration

Changing the rules and regulations to approval and payment for prescription drugs is essential to improving the affordability and accessibility of drugs in the U.S. market. Faculty at the Center work with several federal agencies including:

- Centers for Medicare & Medicaid Services: to include drugs in bundled payment formula that set a price for a range of services such as a knee replacement
- Food and Drug Administration: to change regulations for biosimilar drugs and new approval of new drugs
- Federal Trade Commission: to make sure there is a competitive environment for drugs





SELECT PUBLICATIONS

Legislative initiatives are supported and elevated by peer reviewed publications and detailed modeling led by the Center. A selection of papers authored by the Center include:

Allocation of National Institutes of Health Funding by Disease Category in 2008 and 2019

Jeromie Ballreich, Cary Gross, Neil Powe, Gerard F. Anderson
JAMA Network Open, January 2021

Affording Genetic Therapies in the Medicaid Program

Jeromie Ballreich, Ijeamaka Ezebilo, Joshua Sharfstein
JAMA Pediatric, June 2020

Critical Drugs for Critical Care: Protecting the U.S. Pharmaceutical Supply Chain in Public Health Crises

Mariana P. Socal, Joshua Sharfstein, Jeremy Greene
American Journal of Public Health, August 2020

Factors Associated With Prescriptions for Branded Medications in the Medicare Part D Program

Mariana P. Socal, Ge Bai, Gerard F. Anderson
JAMA Network Open, March 2021

Using External Reference Pricing In Medicare Part D To Reduce Drug Price Differentials With Other Countries

So-Yeon Kang, Michael J. DiStefano, Mariana P. Socal, and Gerard F. Anderson
Health Affairs, May 2019

Ultra-Expensive Drugs and Medicare Part D: Spending And Beneficiary Use Up Sharply

So-Yeon Kang, Daniel Polsky, Jodi B. Segal and Gerard F. Anderson
Health Affairs, June 2021



IN THE MEDIA

The Center's experts are trusted sources in the media and often contribute to news stories.

Gerard Anderson was interviewed on NPR sharing why the skyrocketing cost of many prescription drugs in the U.S. can be blamed primarily on price increases, not expensive new therapies or improvements in existing medications as drug companies frequently claim. He was also mentioned in The Philadelphia Inquirer about the Pennsylvania proposal of a board to investigate increasing drug prices that residents can't afford.

Mariana Socal is quoted in a MedPage Today article about a bill to let Medicare negotiate drug prices.

Jeromie Ballreich is quoted in a Healio article about the stability of NIH funding allocation over time.

So Yeon Kang contributed to an article in Axios highlighting how higher prices drive up Medicare drug spending.

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