

What does Medicare Drug Price Negotiation Mean for Employers

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Speakers



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Inflation Reduction Act

Medicare Drug Price Negotiation Program

On August 16, 2022, President Biden signed into law the Inflation Reduction Act (IRA) of 2022 (P.L. 117-169)

- Includes several provisions aimed at reducing federal government spending on prescription drugs and reducing out-of-pocket costs for Medicare beneficiaries

Establish Maximum Fair Prices (§§ 11001,11002)	Quarterly Rebate Program (§§ 11101, 11102)
<ul style="list-style-type: none">• Requirement to establish maximum fair prices of selected qualifying single-source drugs dispensed to Medicare beneficiaries• Drugs selected for negotiation must include single-source drugs and biologicals with the highest expenditures in Medicare Parts B and D that meet the statutory criteria for selection	<ul style="list-style-type: none">• Manufacturers of single-source Medicare Part B drugs and biologicals must pay quarterly rebates to Medicare for the amount that the price of these drugs exceeds the drugs' quarterly inflation-adjusted average sales price (ASP)• Manufacturers of certain Part D drugs must pay rebates to Medicare if the manufacturers raise a product's price above an allowable rate of inflation

Negotiation Process



Negotiation Factors

Manufacturer-Specific Data

- Research and development costs
- Current unit costs of production and distribution
- Prior federal financial support for discovery and development
- Data on pending and approved patents and exclusivity
- Market data, revenue and sales volume data

Evidence About Alternative Treatments

- Extent to which a drug represents a therapeutic advance, as compared to existing therapeutic alternatives
- FDA-approved prescribing information for the drug and alternatives
- Comparative effectiveness of the drug and alternatives, including effects on special patient populations
- Extent to which the drug and alternatives address unmet needs

Medicare Inflation Cap

CPI-Based Cap: Drug price increases for Medicare cannot exceed the rate of inflation, measured by the Consumer Price Index (CPI).

Applicable Drugs: Applies to both brand-name and certain generic drugs covered under Medicare.

Measurement Period: Price increases are evaluated annually.

Enforcement Mechanism: If a manufacturer raises the price beyond the inflation cap, they must pay a rebate to Medicare to cover the excess amount.

Implementation Timeline: The cap on price increases started in 2023 for some drugs.

The First Ten

Drug name	List Price	Negotiation Price
Apixaban (Eliquis)	\$521	\$231
Empagliflozin (Jardiance)	\$573	\$197
Rivaroxaban (Xarelto)	\$517	\$197
Sitagliptin (Januvia)	\$527	\$113
Dapagliflozin (Farxiga)	\$556	\$178.50
Sacubitril/valsartan (Entresto)	\$628	\$295
Etanercept (Enbrel)	\$7,106	\$2,335
Ibrutinib (Imbruvica)	\$14,934	\$9,319
Ustekinumab (Stelara)	\$13,836	\$4,695
Insulin aspart (Fiasp, Fiasp FlexTouch, Fiasp PenFill, NovoLog, NovoLog FlexPen, NovoLog PenFill)	\$495	\$119

What does it Mean for Employers – Three Schools of Thought

-The balloon squeeze: Higher prices for us



-The “me too” effect: Lower prices for us

-The “shrug”: No discernable impact on us



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Meeting & Events

Webinar: Employer Case Study: Unlocking the Full Potential of Your Workforce
Tuesday, October 15 – 12:00 PM ET

- Registration is now open!
- **Room block expires October 18 - \$259**
- Exhibiting & sponsorship opportunities available
- Contact: Karlene Lucas



<https://nationalalliancehealth.swoogo.com/2024annualforum/5437634>