



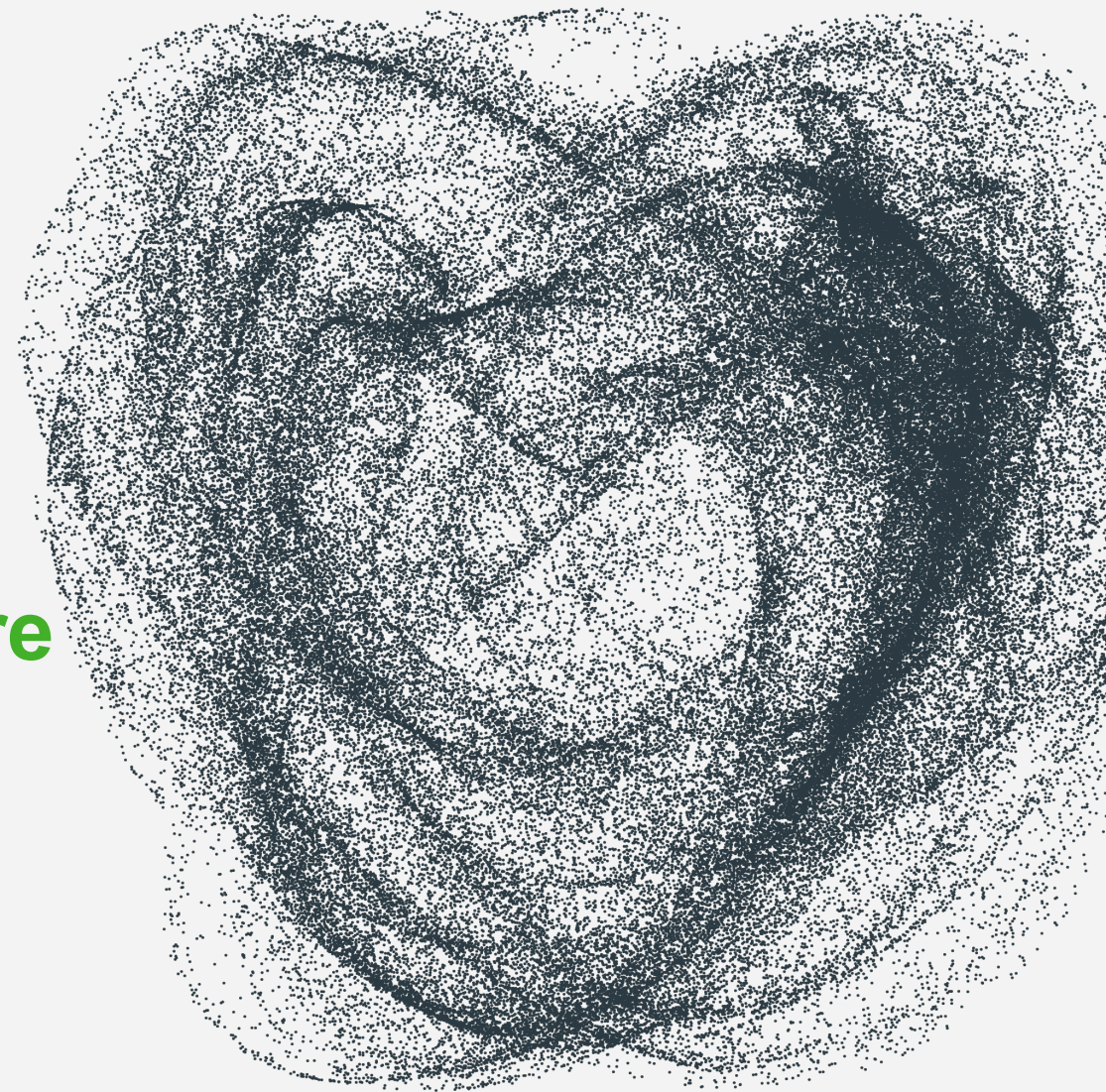
Understanding Drug Expenditure for Policy-Making

PROGRESSIVE POLICY INSTITUTE
ECONOMIC STATISTICS CONFERENCE

DECEMBER 3, 2021

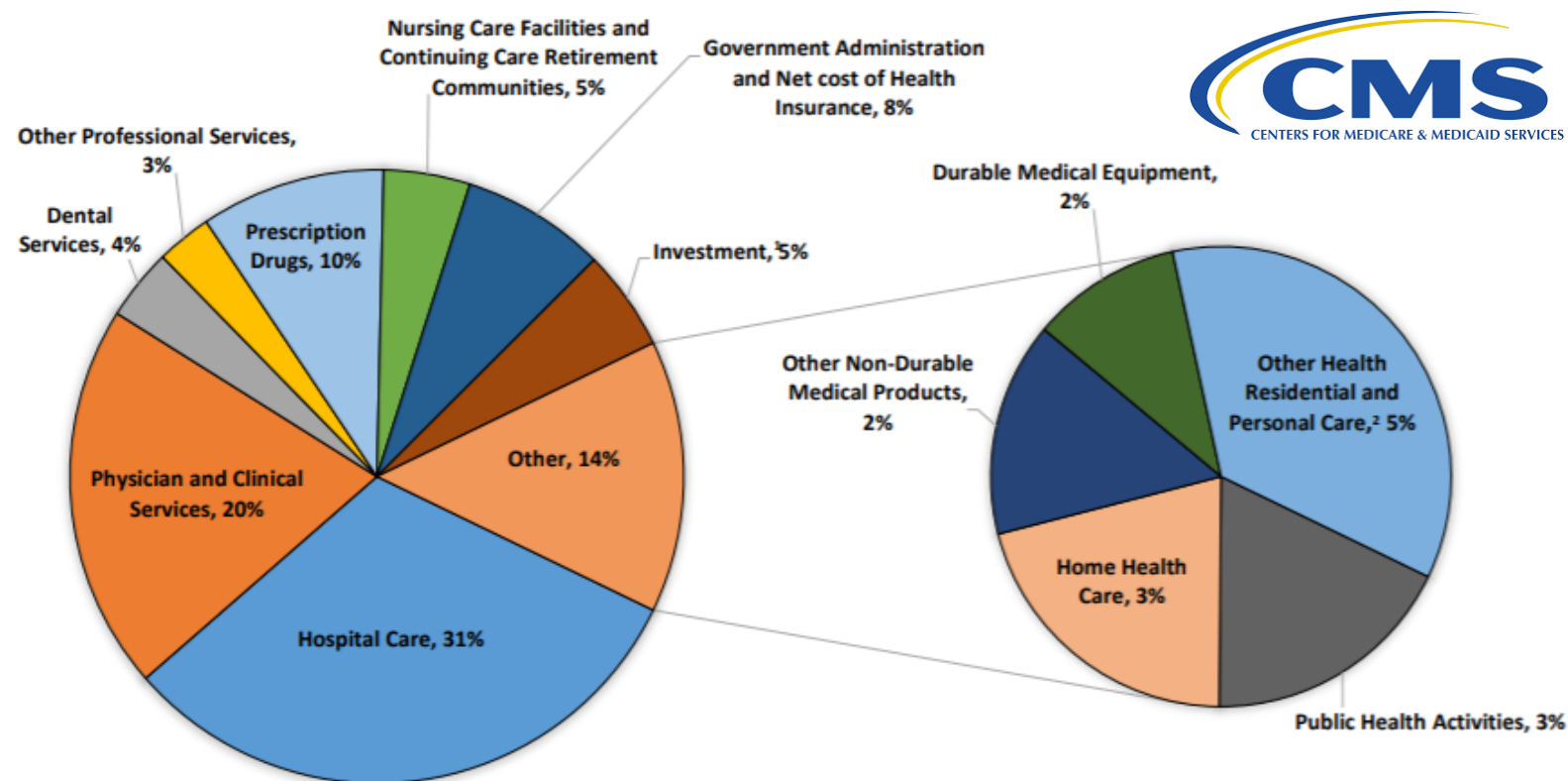
Murray Aitken, Executive Director

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“How much do we spend on drugs?”

THE NATION'S HEALTH DOLLAR (\$3.8 TRILLION), CALENDAR YEAR 2019,
WHERE IT WENT



Prescription Drugs:
Covers the “retail” sales of human-use dosage-form drugs, biological drugs, and diagnostic products that are available only by a prescription.

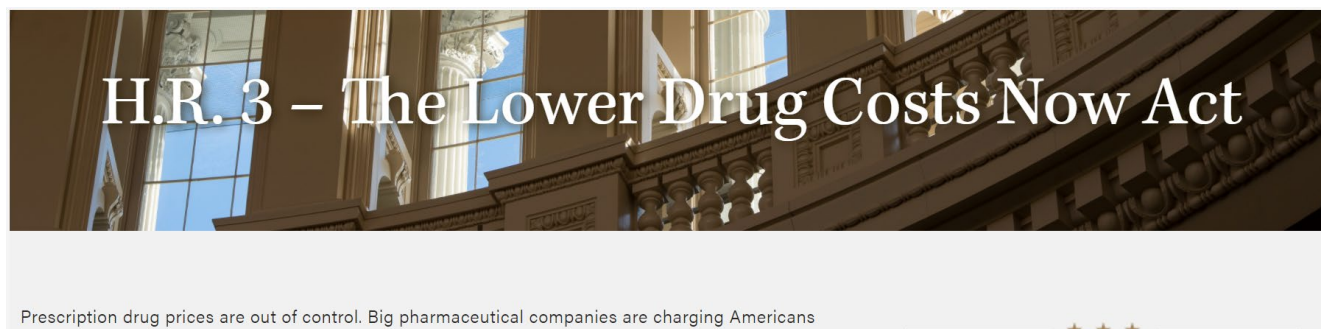
¹ Includes Noncommercial Research and Structures and Equipment.

² Includes expenditures for residential care facilities, ambulance providers, medical care delivered in non-traditional settings (such as community centers, senior citizens centers, schools, and military field stations), and expenditures for Home and Community Waiver programs under Medicaid.

Note: Sum of pieces may not equal 100% due to rounding.

SOURCE: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group.

“Are we spending too much?”

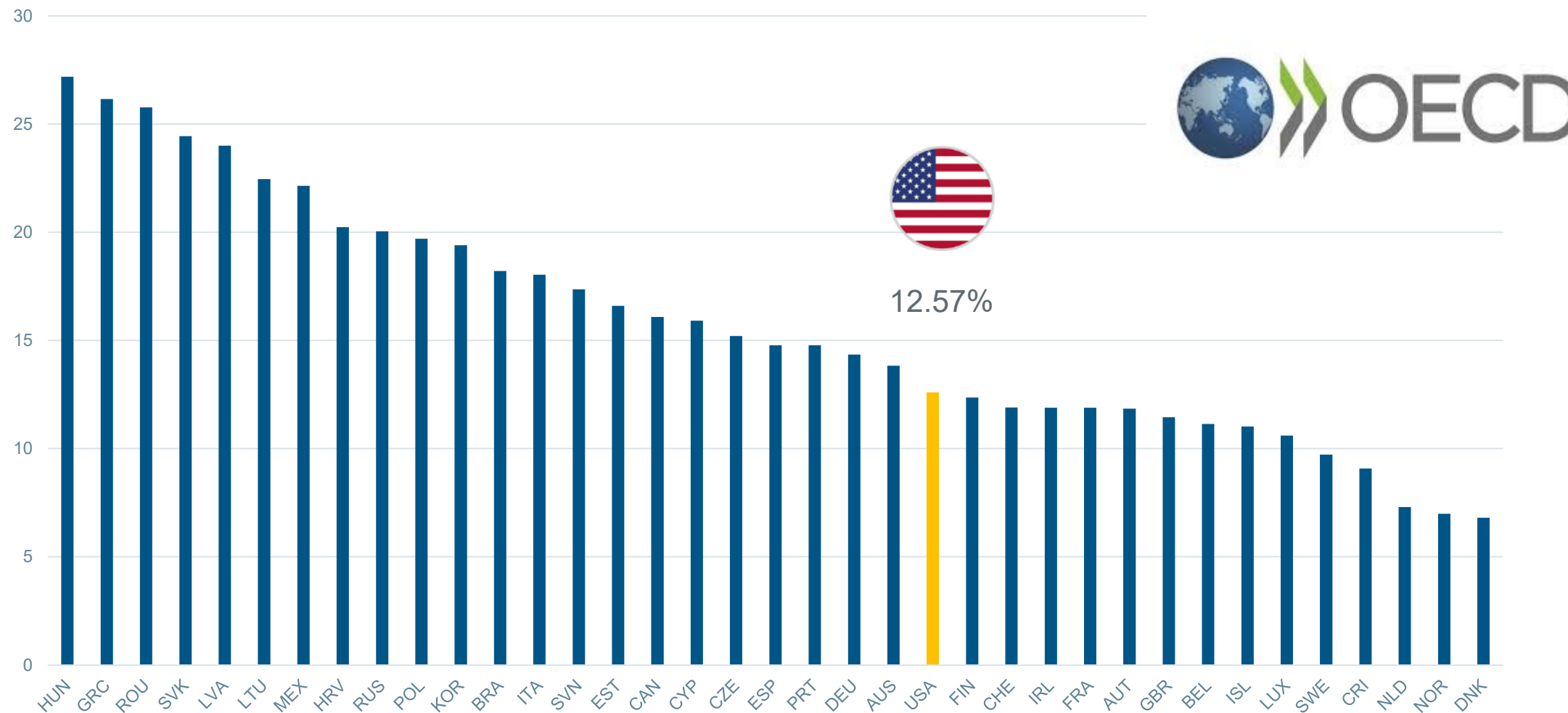


Blue Cross is taking action to make prescription drugs more affordable

March 4, 2021

“Don’t we spend more than every other country?”

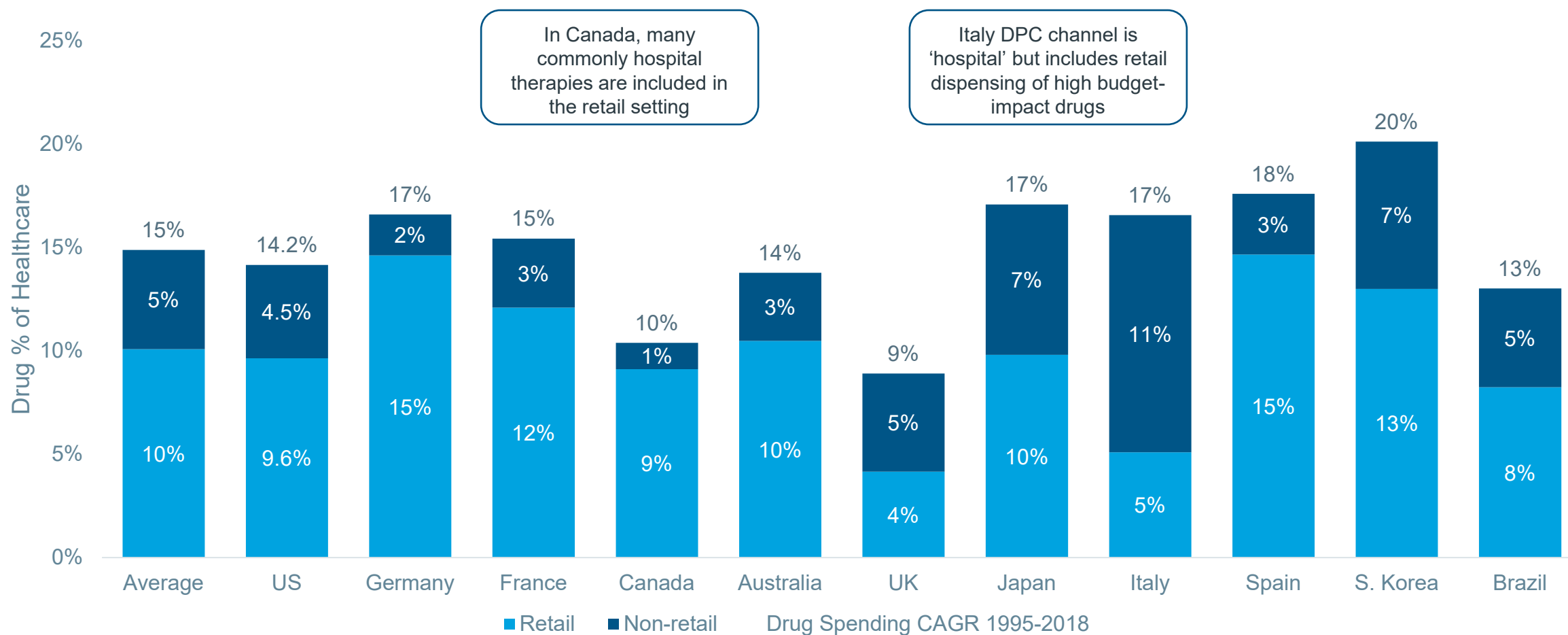
Pharmaceutical spending, Total, % of health spending, 2020 or latest available



Source: OECD Health expenditure and financing: Health expenditure indicators

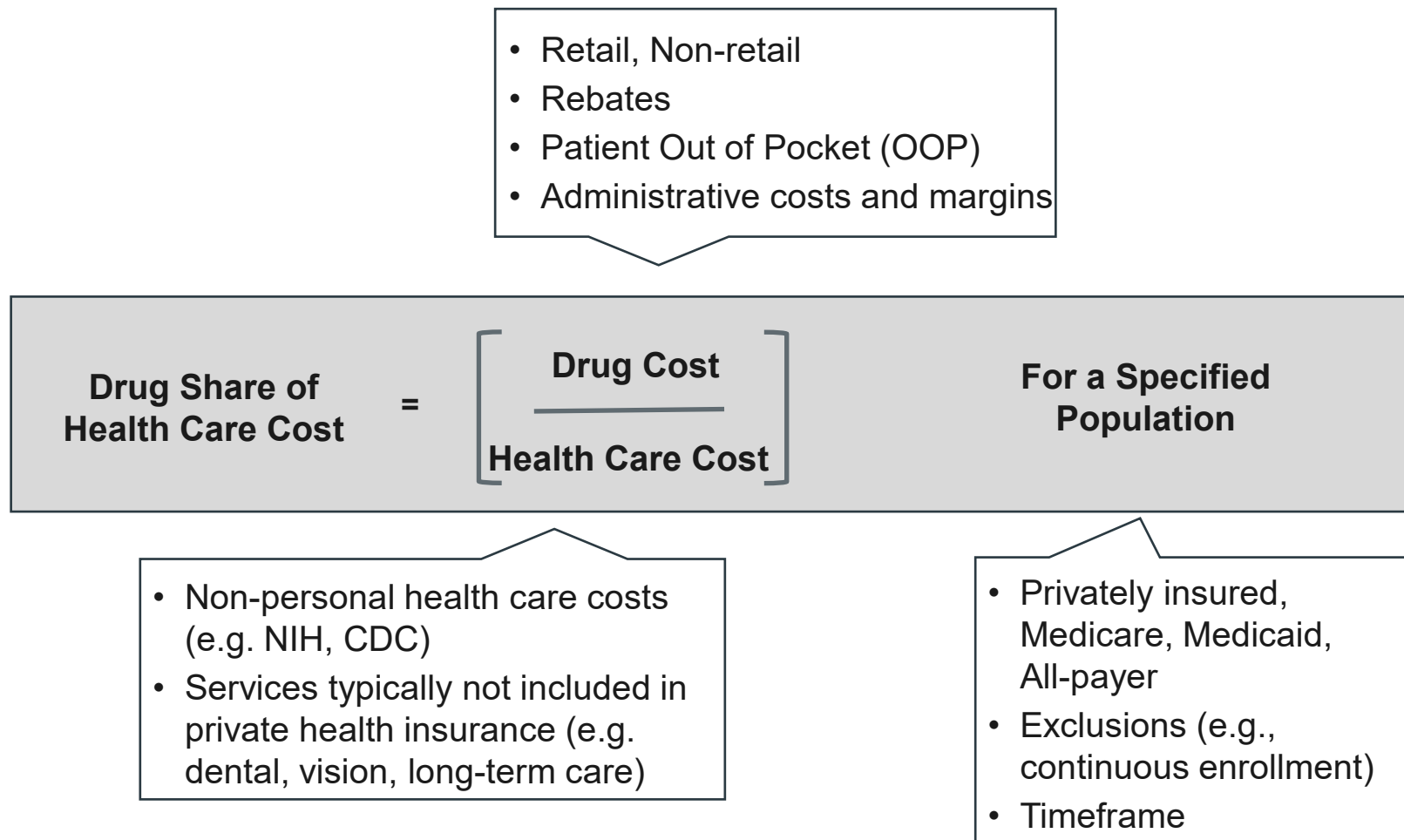
“Does non-retail matter?”

Real Net Drug % of Healthcare, 2018



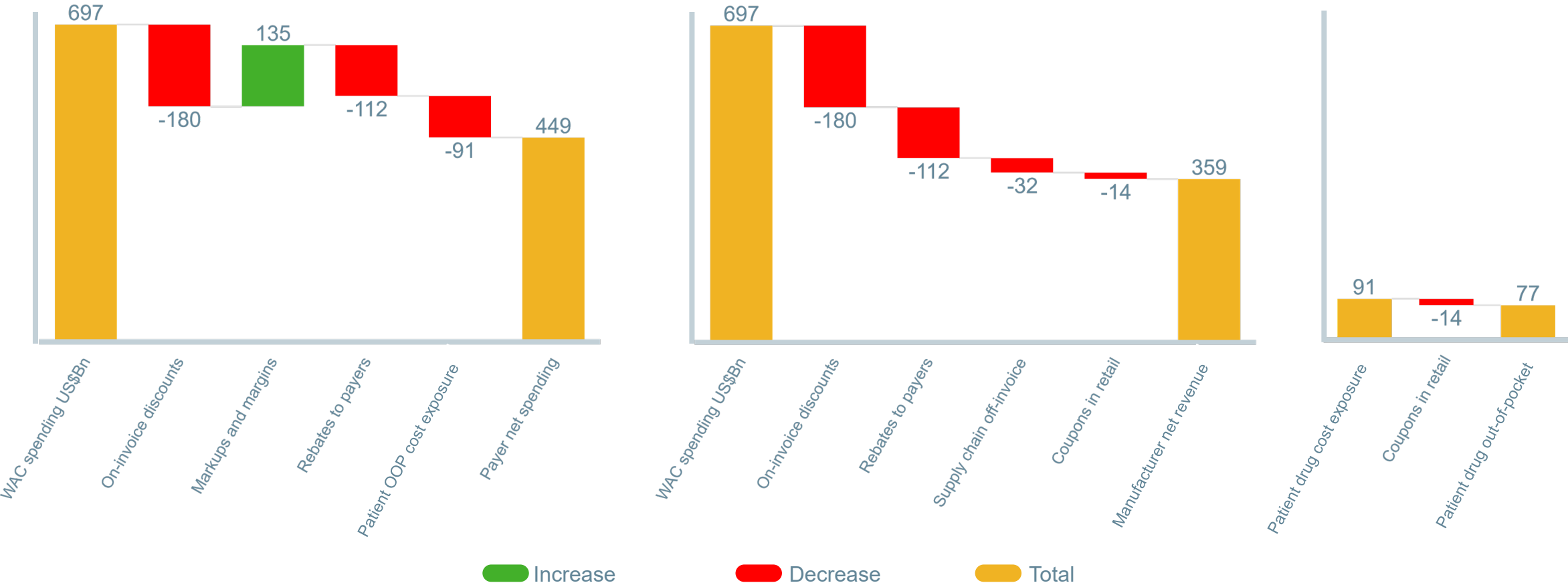
Source: IQVIA Institute Unpublished Research

High-level factors drive most of the differences



There are large differences between list prices and the amounts spent by payers and patients or received by manufacturers

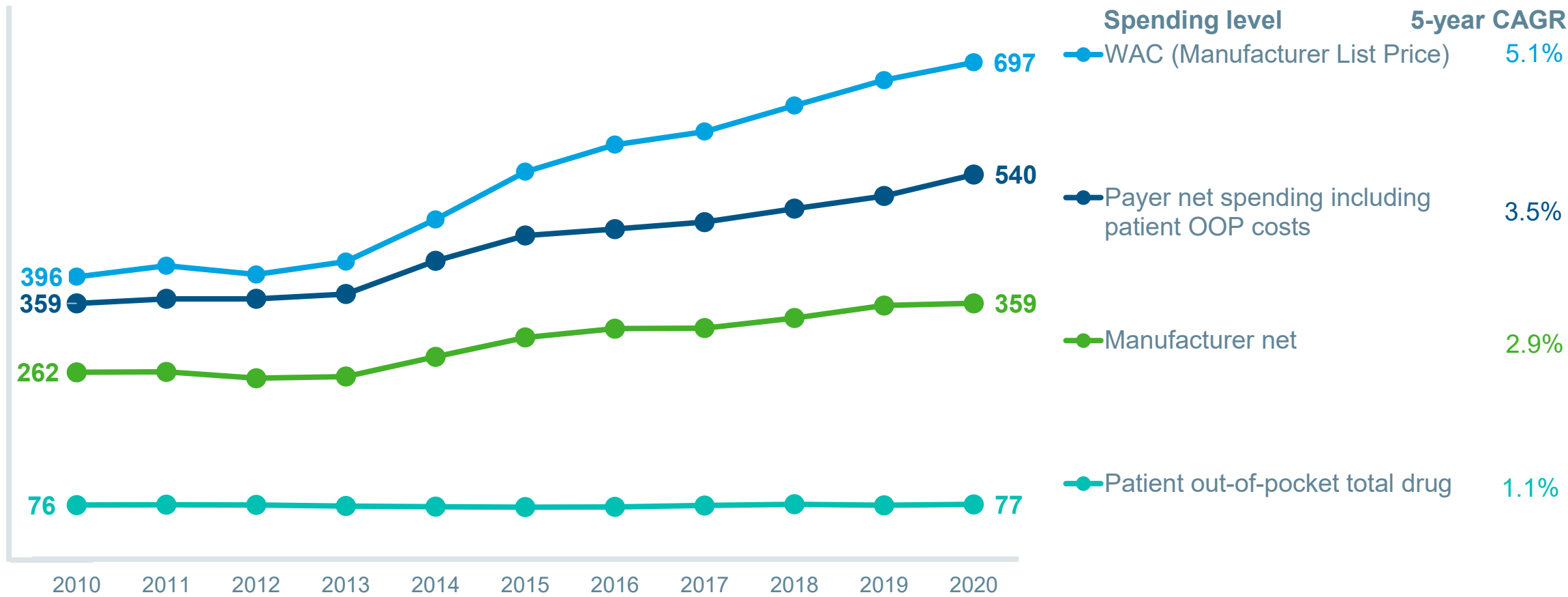
Differences Between Various Spending Levels for U.S. Prescription Medicines in 2020, US\$Bn



Source: IQVIA Institute, May 2021; CMS National Health Expenditures (NHE), Dec 2020

Diverse measures of medicine spending also experience differing trends over time

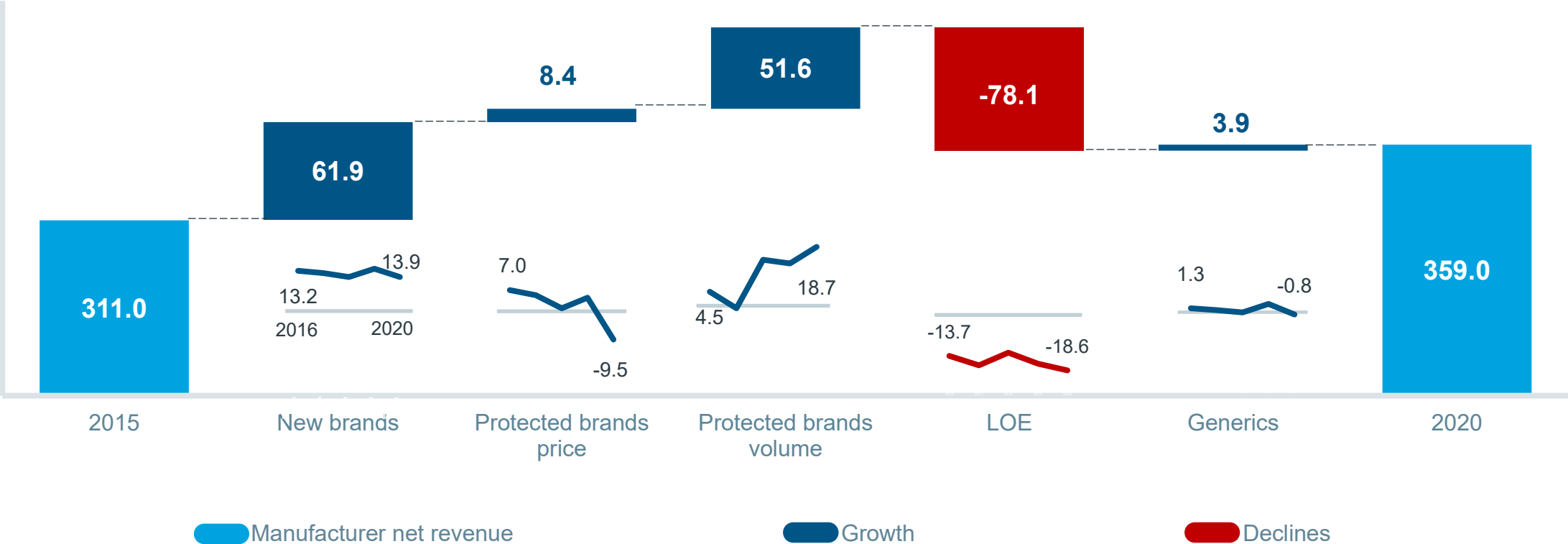
Medicine Spending at Selected Reporting Levels, US\$Bn



Source: IQVIA Institute, May 2021; CMS National Health Expenditures (NHE), Dec 2020

Change in total manufacturer net revenues are primarily driven by new products and brand volume

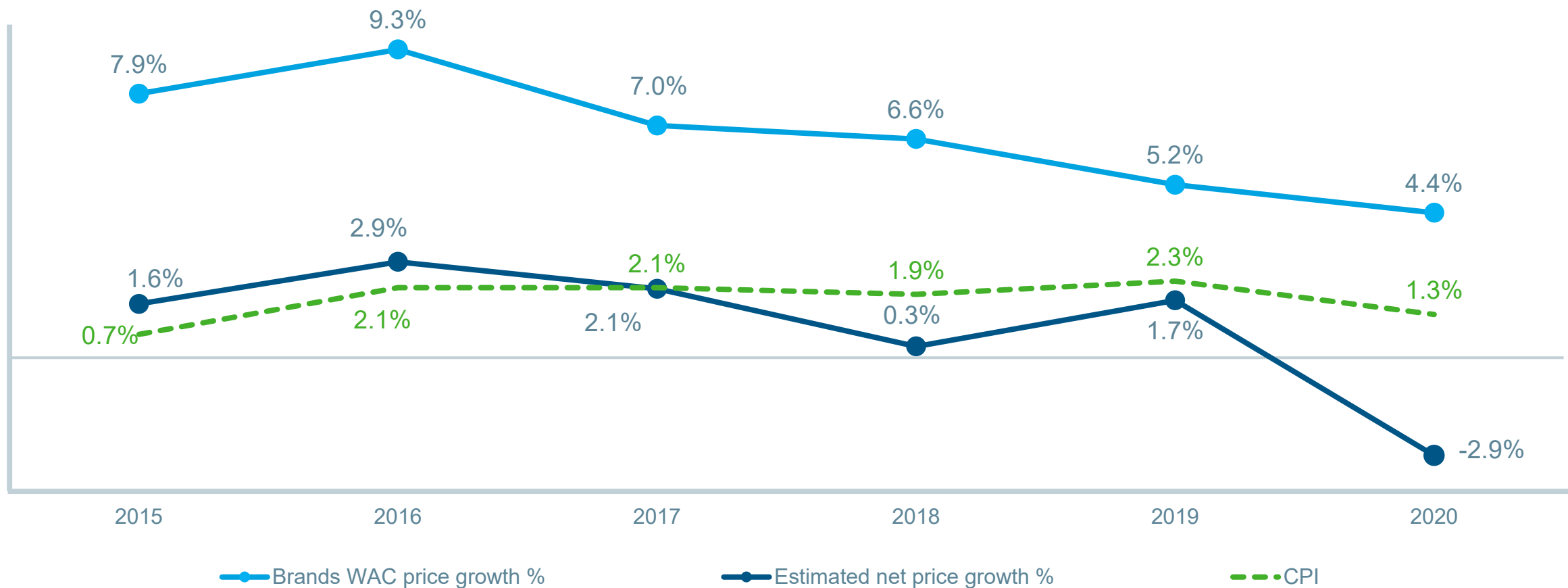
Net Manufacturer Revenues and Growth 2015–2020, All Channels, US\$Bn



Source: IQVIA Institute, May 2021

Protected brand list prices increased 4.4% in 2020, while net prices decreased -2.9% - the fourth year at or below the CPI

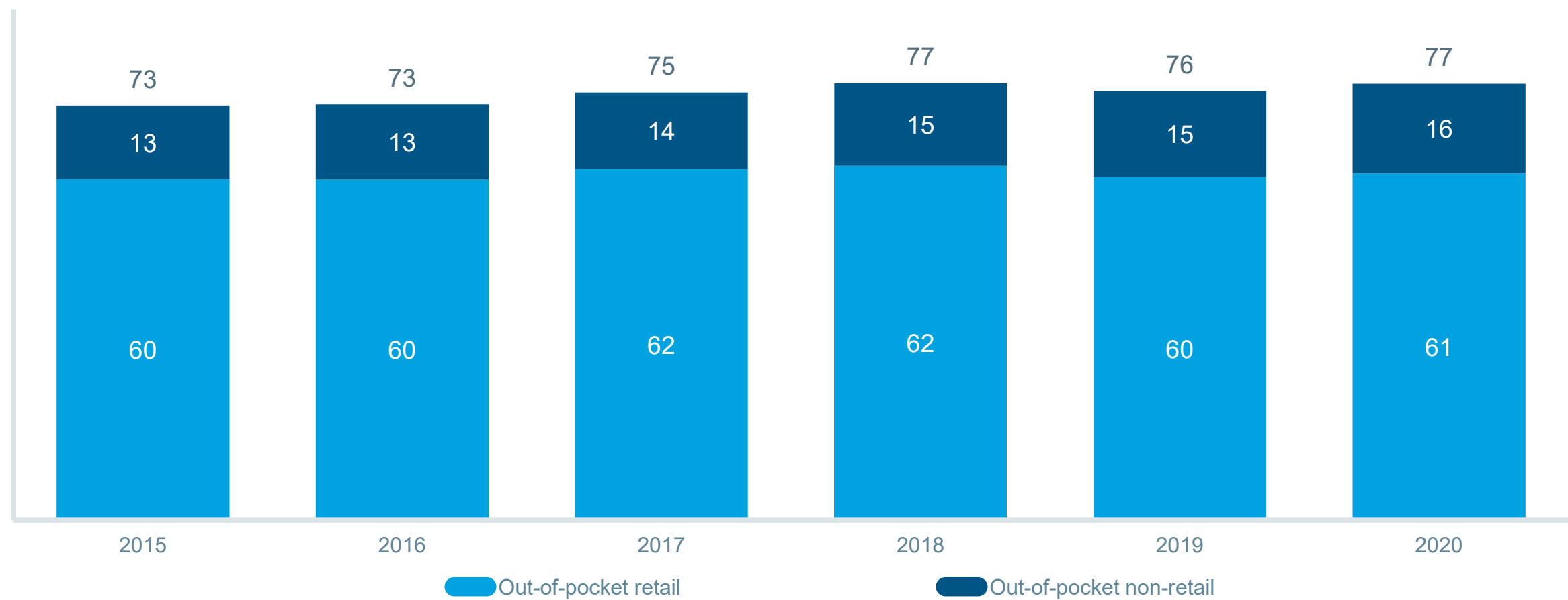
Wholesaler Acquisition Cost (WAC) Growth and Net Price Growth for Protected Brands



Source: IQVIA Institute, National Sales Perspectives, Dec 2020; Bureau of Labor Statistics, CPI Data, Dec 2015–Dec 2020

Out-of-pocket costs for patients were \$77 billion in 2020

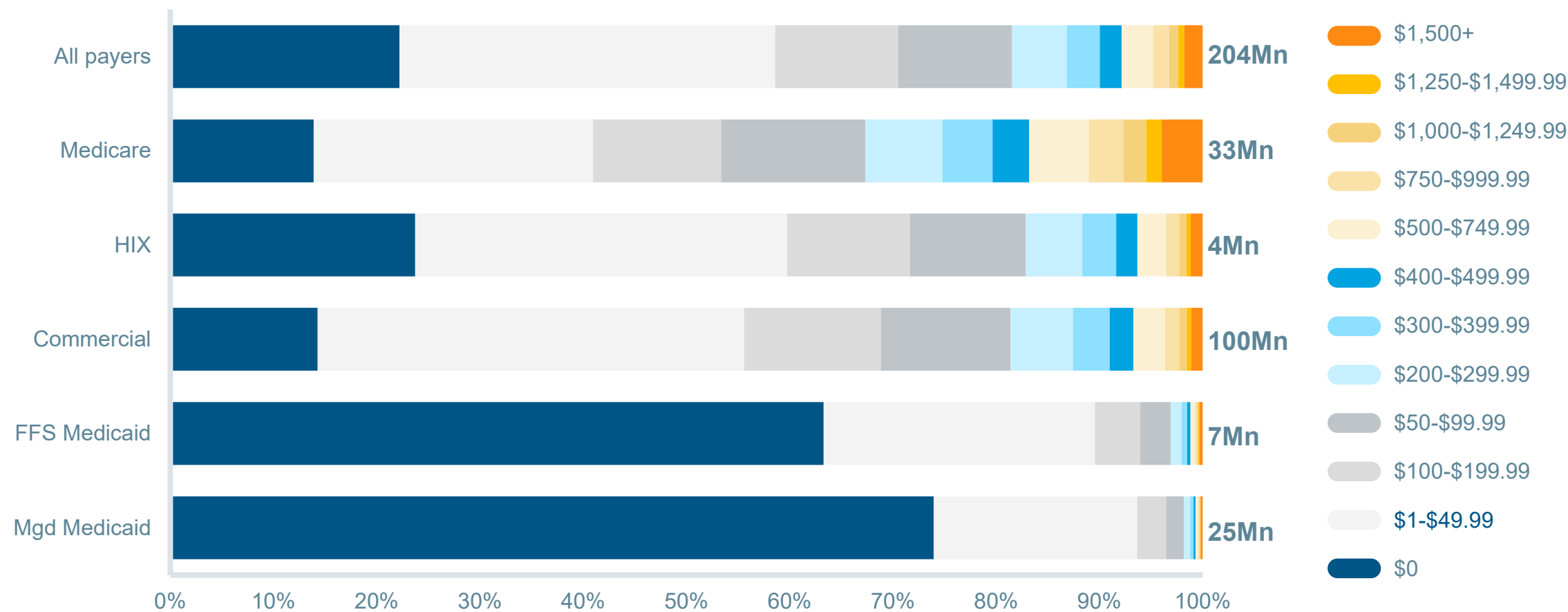
Aggregate Patient Out-of-Pocket Cost for Medicines Dispensed in Retail and Non-Retail Settings, US\$Bn



Source: IQVIA Xponent, IQVIA LAAD Sample Claims Data, Jan 2015–Dec 2020; IQVIA Institute, May 2021; CMS National Health Expenditures (NHE), Dec 2020

Overall, 8% of patients reach annual out-of-pocket costs above \$500 compared to 17% in Medicare largely due to benefit design

Patients by Annual Prescription Out-of-Pocket Cost in 2020



Source: IQVIA LAAD Sample Claims Data, Dec 2020

How do we improve drug expenditure statistics for policy-making?



Know what is included and excluded

- Retail/non-retail; brand/generic; insurance-claims/cash; total population/segment; denominator



Understand whose cost is being measured

- Patient out-of-pocket; wholesaler; hospital; pharmacy; insurer; final payer



Recognize the role of rebates

- Confidential and significant; PBMs; 340(b); Medicaid; commercial plans



Timeliness and forecasting

- New drug introductions; loss of exclusivity for small molecules and biologics; changes in treatment pathways



Track what isn't spent as well as what is

- Abandoned prescriptions; non-refills; delayed treatment

Statistics for
outcomes
and impact??

For more information

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