The ongoing threat of rising drug prices: ASHP’s work goes on

Continual increases in the costs of prescription drugs have affected virtually every segment of the U.S. healthcare system. Prescription medication expenditures increased in 2015 by an average of 11.7% across all healthcare sectors, ranging from 2.9% in long-term care facilities to 25.3% in staff model health maintenance organizations. The only exception was federal facilities, in which drug costs decreased by 2%. Even generic medications, which have been a mainstay in efforts to control drug costs, have not been immune to these price increases.

While the policy solutions required to address these dramatic increases in spending for prescription drugs are complex, the consequences of the ongoing increases in drug expenditures across the U.S. healthcare system that have been witnessed over almost two decades—from $106.1 billion in 1998 to $421.3 billion in 2015—are obvious. Patients, healthcare provider organizations, and insurers must now make extremely difficult decisions about purchasing medications, a fundamental component of healthcare. We know that when patients face higher costs, they may not fill their prescriptions. When medication nonadherence occurs, insurers are confronted with higher healthcare utilization costs due to increased numbers of emergency department visits and hospital admissions as well as the use of more-expensive treatments to manage illnesses that have become more complicated due to medication nonadherence.

Healthcare provider organizations are also directly affected by sharp increases in medication costs. For example, a study of community hospitals commissioned by the American Hospital Association and the American Federation of Hospitals found that drug spending increased by 23.4% from 2013 to 2015, far exceeding increases in Medicare reimbursement rates during the same time frame. Almost 34% of hospital executives surveyed indicated that increased drug prices were having a severe effect on their budgets. One hospital that participated in the study described spending for 4 frequently used medications—with increases ranging from 479% to 1,261%—that was equivalent to annual salaries for 55 registered nurses. While the majority of price increases have not been of this magnitude, healthcare teams and executives in hospitals and health systems are struggling to manage the cumulative effects of unsustainable increases in drug costs in a fragile healthcare financing system.

Given the profound public health implications of these alarming trends in drug prices and expenditures, ASHP has made a commitment to work with a wide array of stakeholders and bipartisan policymakers to explore practical and sustainable policy solutions.

As discussed in an earlier AJHP editorial on this topic, ASHP joined the Steering Committee of the Campaign for Sustainable Rx Pricing (CSRxP) in 2016, a coalition of physicians, consumers, payers, hospitals, health systems, and patient advocacy groups. As a coalition of prominent national organizations, CSRxP is well positioned to affect changes in drug-pricing policies. ASHP has participated in the development of a CSRxP policy platform, which proposes market-based solutions specifically focused on competition, value, and transparency. Advocacy efforts to advance this policy agenda include discussions with congressional staff to drive bipartisan policy solutions and the development of a media strategy that shines a spotlight on drug pricing in an effort to increase its prominence in the national political dialogue.

ASHP’s advocacy on the legislative front to address drug prices includes supporting bills (S. 297 and H.R. 749) that would expedite the approval of an abbreviated new drug application when a drug is in short supply or when little or no competition exists. ASHP also supports another bill in the U.S. Senate (S. 124) that would prohibit manufacturers of brand-name products from paying manufacturers of generic drugs to delay introduction of a generic version of a drug, also known as “pay for delay.” ASHP believes these are steps in the right direction but more can and should be done to promote competition and limit marketplace manipulation.

Also under consideration in this congressional session are bills (S. 92, S. 183) that would allow drugs to be imported from other countries, such as Canada, where prices are significantly lower. However, consistent with ASHP professional policy, ASHP stands in opposition to proposed legislation (S. 92 and S. 183) that would permit importation of drugs from other countries, given the quality and safety risks of a compromised supply chain as well as the risk of interrupting the pharmacist–patient relationship. Another policy option under consideration would allow the federal government to negotiate drug prices directly with manufacturers for drugs covered by Medicare Part D; however, this legislation (S. 348, H.R. 242, S. 41) does not have bipartisan support.

Finally, the Prescription Drug User Fee Act (PDUFA), also up for reauthorization this year, may serve as another legislative vehicle to address drug prices. This reauthorization is considered must-pass legislation, and ASHP is engaged in discussions with key congressional staff about the policy goals of CSRxP and their potential fit within PDUFA.
As stated previously on these pages, “Pharmacists and ASHP must lead in any policy discussions related to the rising costs of prescription drugs and, in addition, use their individual and collective voices to serve as advocates for patients in this dialogue.” Through ASHP’s role as the only pharmacy organization on the CSRxP Steering Committee and our other advocacy efforts, we will ensure that pharmacists’ and patients’ voices are heard as we push to ensure that affordable medications are accessible to those who need them.


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