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Association of Community Cancer Centers

ONCOLOGY ISSUES
The Official Journal of the
Association of Community Cancer Centers

Oncology Issues serves the multidisciplinary specialty of oncology care and cancer program management.

Oncology Issues (ISSN: 1046-3356) is published bimonthly for a total of 6 issues per year by Taylor & Francis Group, LLC, 530 Walnut Street, Suite 850, Philadelphia, PA 19106, on behalf of the Association of Community Cancer Centers (ACCC), 1801 Research Blvd, Suite 400, Rockville, MD 20850-3184, USA. US Postmaster: Please send address changes to *Oncology Issues*, c/o The Sheridan Press, PO Box 465, Hanover, PA 17331.

FROM THE EDITOR

Drug Pricing Debate Continues

BY JENNIE CREWS, MD, MMM, FACP

As we begin 2020 and an election year, drug pricing is center stage in healthcare politics. In December 2019, the *Washington Post* reported that retail drug prices declined by 1 percent in 2018—the first drop since 1973. However, this headline was eclipsed by a 2.5 percent increase in overall drug prices, a disproportionate rise in specialty drug prices, and a 2.8 percent increase in out-of-pocket responsibilities. Cancer care teams cited drug costs as a top concern in the 2018 ACCC Trends Survey.[1] In response to concern from patients, providers, healthcare policy experts, and agencies, both the U.S. House and Senate have proposed drug pricing legislation.

The House bill (HR 3) allows price negotiations to start in 2023 on at least 25 drugs from a pool of 250 brand-name drugs, including 125 of the highest priced drugs, which would result in maximum savings for the federal government. Based on 2017 data, the top 10 Part B drugs with the highest spend include seven oncology drugs and the highest priced Part D drug is lenalidomide.[2] For the 25 selected drugs, target prices would be based on factors such as R&D (research and development) costs, manufacturing costs, and comparative effectiveness with a cap of 125 percent of the average net price paid in other countries or 85 percent of the average manufacturer price when foreign price comparisons are not available. There are also penalties if manufacturers fail to accept the target price. For Part D drugs, the House bill caps out-of-pocket spending at $2,000/year and provides for additional brand-name discounts before and after this cap is reached. The Congressional Budget Office estimates that Medicare savings would be $345 billion with the House bill provisions. The Senate bill also caps out-of-pocket expenses and curbs drug prices but less aggressively than the House bill.

In addition to legislative and executive debate over specifics, drug price reform faces criticism from drug manufacturers that price controls will impair innovation and hinder new drug development. An alternative approach offered by Peter Bach, MD, MAPP, seeks to lessen the blow to innovation.[3] His proposal is to negotiate prices not based on highest cost drugs but on drugs that have a monopoly by virtue of conditional approval or extended market exclusivity. His argument is that:

1. Drugs that come to market with conditional approval yield significant income for industry even when they ultimately may not achieve outcomes that justify final approval.
2. Extended exclusivity guarantees manufacturers drug profits beyond the time that patent-protecting legislation ever intended.

We need more such alternative approaches in order to reach stakeholder compromises that will move drug price reform forward.

Given the disproportionate impact to oncology, the cancer care community's involvement in drug pricing legislation and policy is crucial to ensure that our patients continue to have access to optimal, affordable therapy. In this election year, it is unlikely that we will see passage of drug price reform legislation. However, this delay provides ACCC members continued opportunities for advocacy and education on this issue. Learn more about drug pricing reform and share your concerns at the upcoming ACCC 46th Annual Meeting and Cancer Center Business Summit, March 4-6, Washington Hilton, DC. Register online at **accc-cancer.org/AMCCBS**. OI

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