Making Medications More Affordable

We believe common sense, market-oriented reforms that promote competition are key to making prescription drugs affordable and reducing overall health care costs. More competition in the pharmaceutical industry would help us negotiate lower prescription drug prices and provide clinically-equivalent, lower cost alternatives to patients. Patients are better able to adhere to their medications when the price of their prescriptions is more affordable. Existing pharmacy benefit management (PBM) tools are working and are projected to save health plans and consumers more than $1 trillion — over 30% — on prescription drugs over the next decade[1] and will help prevent 1 billion medication errors.[2] We should continue to leverage these tools and adopt new public policies that can help drive down the cost of prescription drugs for consumers.

To help counter rising drug prices, CVS Health supports initiatives that enhance competition in the pharmaceutical marketplace and help put the health care system on a path that is sustainable for generations to come. By increasing the number of approved drugs available to patients, removing barriers to market entry for new medications, increasing competition, and expanding tools to save patients money, these initiatives will help lower prescription drug costs and overall health care system spending.

Increase Competition in the Pharmaceutical Marketplace

1. **Speed Food and Drug Administration's (FDA) approval of generic drug applications**. Clear out the FDA backlog of generic drug applications to bring more generics to market, which will create additional competition in the market and lower the cost of prescription drugs.

2. **Expedite FDA review for new drugs to compete with drugs with no competition**. FDA should apply expedited review for new drugs that will compete with existing drugs with only one manufacturer in order to increase competition and avoid market monopolies.

3. **Implement drug patent reform to increase the availability of biosimilars.** Shorten the exclusivity period for biologics from 12 to 7 years. Biosimilar drugs have the potential to save the health system $54 billion over 10 years, yet the U.S. is far behind other developed countries in bringing biosimilar drugs to market. FDA should finalize industry guidance on interchangeability and create a clear and consistent approval pathway for these important products.

4. **Curb anti-competitive practices**. Prohibit pay-for-delay agreements and other anti-competitive practices like evergreening and product hopping that are purposely designed to keep lower priced generic drugs from coming to market. These changes will help bring lower cost, clinically-equivalent generic medications to market more quickly.

[1] PCMA, Vistante, *Pharmacy Benefit Managers (PBMS): Generating Savings for Plan Sponsors and Consumers*, February 2020. Available at: https://www.pcmanet.org/wp-content/uploads/2020/02/Pharmacy-Benefit-Managers-Generating-Savings-for-Plan-Sponsors-and-Consumers-2020-1.pdf
[2] PCMA, Visante, *The Return on Investment (ROI) on PBM Services*, February 2020. Available at: https://www.pcmanet.org/wp-content/uploads/2020/02/ROI-on-PBM-Services-FINAL_.pdf

Reform Medicare Part D and Part B to Lower Costs for Beneficiaries and the Program

CVS Health supports proposals to modernize Part D and to better align the incentives of all stakeholders to control drug costs and improve quality, including the following:

1. **Establishment of an out-of-pocket (OOP) cap on beneficiary drug costs in the Part D benefit catastrophic phase.** This will provide better financial protection for beneficiaries with high drug costs, and bring the Part D benefit into line with Medicare Parts A and B and most commercial drug coverage in this respect.

2. **Increased plan liability in the Part D benefit catastrophic phase.** This would reduce or eliminate the current incentive for Part D plans to prefer high-cost, high-rebate drugs that accelerate beneficiaries into the catastrophic phase.

3. **Create manufacturer liability in the Part D benefit catastrophic phase.** This would provide manufacturers with an incentive to control drug prices and not encourage overutilization.

4. **Implement pay-for-performance measures for pharmacies in Part D.** These measures should support and align with CMS objectives and drive pharmacies' performance toward achieving positive enrollee outcomes and improving quality of care.

5. **Expand the use of PBM tools in Medicare Part B to better manage utilization to improve outcomes and lower costs.** This would bring effective tools from the Part D program into Part B.

Increase Consumer Transparency and Support

1. **Provide Access to member-specific drug pricing information across multiple points of care using "real-time benefit tools" (RTBT).** CVS Health is using real-time benefits technology to provide member-specific drug pricing information and lower cost clinically appropriate alternatives in the doctor's office, at the pharmacy counter, and directly to patients through digital tools. Our 30,000 pharmacists leverage this technology to identify savings opportunities when patients present their prescriptions. Positively, based on recent legislation, Part D plans are required to implement one or more prescriber-facing electronic RTBT tools beginning January 1, 2021, and a beneficiary-facing RTBT tool beginning January 1, 2023. W*e support efforts that would push adoption of this technology so all Americans (regardless of coverage type) and prescribers have transparency to member-specific drug pricing information and lower cost drug alternatives.*

2. **Congress should allow high deductible health plans (HDHPs) associated with health savings accounts (HSAs) to provide first-dollar coverage to prescription drugs before the deductible is met.** A key way to improve access to drugs and help medication adherence would be to modify rules regarding the coverage of drugs by HDHPs. While the Treasury Department finalized a **policy** in July 2019 that expanded preventive care benefits to allow HDHPs to provide coverage for certain preventive care for certain chronic conditions before the deductible is met, this policy change did not go far enough. *We believe the rules governing HDHPs should be changed to allow HDHPs to cover all prescription drugs – including generic and brand drugs – before the deductible is met. This will allow patients in these plans to access prescription drugs for little or no cost sharing, thereby improving their medication and health outcomes, and ultimately lowering costs to the health care system as a whole.*

The simple truth: patients lose access when they can't afford their medications. By increasing competition, we can lower costs, increase access, and drive continued innovation.