



FOCUS ON

PHARMACY COSTS



UNSUPPORTED RX PRICE HIKES CONTINUE WITHOUT ADDING QUALITY

LATEST REPORT FINDS PRICE INCREASES STILL NOT SUPPORTED BY NEW CLINICAL EVIDENCE

Rising prescription drug prices are a major threat to keeping health care affordable for employers and consumers. Although advances in the development of life-saving medications offer tremendous clinical benefits for patients, year after year drug manufacturers routinely hike prices on existing and unchanged medications without any substantial new evidence to support the price increases.

“We continue to see list price increases above inflation for many of the most costly drugs...many had no substantial new evidence to support such price increases.”

— David Rind, ICER Chief Medical Officer

In its latest report examining whether certain price increases are justified by new clinical evidence or other factors, the Institute for Clinical and Economic Review (ICER)¹ identified the top drugs with price increases in 2022 and found that eight of the top 10 lacked adequate new evidence to support any price increase but added close to \$1.3 billion in costs to the U.S. health system on commonly used therapies to treat cancers and various chronic conditions, including arthritis, osteoporosis, Crohn’s Disease and irritable bowel syndrome.

What ICER Found

ICER identified the 250 top-selling drugs in the U.S. and then searched for medicines for which prices, after estimated rebates and discounts, had increases that were more than 2% greater than the rate of medical inflation. After generating a list of top drugs based on increase in spending in the U.S. due to increases in net price, ICER then applied an assessment to determine whether during 2022 there was any new moderate or high-quality evidence that these treatments provided “a substantial improvement in net health benefit beyond what was previously known.

Top Drugs with Price Hikes Unsupported by New Evidence, Per ICER

Drug (Generic)	Wholesale Acquisition Cost % Change: 2021 to 2022	Net Price Increase % Change: 2021 to 2022	Spending Increase Due to Net Price Change
Humira (Adalimumab)	7.11%	1.95%	\$386,000,000
Darzalex (Daratumumab)	6.80%	6.18%	\$248,000,000
Ibrance (Palbociclib)	6.92%	4.45%	\$151,000,000
Prolia (Denosumab)	7.64%	5.99%	\$140,000,000
Xifaxan (Rifaxamin)	6.48%	5.83%	\$98,000,000
Xgeva (Denosumab)	7.53%	7.23%	\$97,000,000
Perjeta (Pertuzumab)	6.08%	6.07%	\$91,000,000
Adcetris (Brentuximab Vedotin)	8.69%	8.92%	\$68,000,000
Average	7.16%	5.83%	
Total			\$1,27,000,000

Source: ICER

¹ ICER is an independent, non-partisan research organization that objectively evaluates the clinical and economic value of prescription drugs, medical tests, and other health care and health care delivery innovations.

In October of 2019, ICER issued its first report, identifying seven specific drugs that experienced unsupported price increases that were not supported by new clinical evidence cost an additional \$4.8 billion in 2017 and 2018. Its subsequent reports found that the expense of unsupported price increases ranged between \$1.67 billion and \$805 million in additional costs. Since its inaugural report, ICER has documented more than \$9.7 billion in added spending for drugs where there is no correlation between the price increases and clinical improvements

Overview of ICER’s Analysis of Unsupported Prescription Drug Price Increases (2017 – 2022)

Year	# of Drugs	Added Costs
2017-2018	7	\$4.8 Billion
2019	7	\$1.2 Billion
2020	7	\$1.67 Billion
2021	7	\$805 Million
2022	8	\$1.27 Billion

EARLY WARNING OF PRESCRIPTION DRUG PRICE INCREASES NEEDED TO PROTECT CONSUMERS

Legislation passed earlier this year (A.1707-A/S.599-A), requiring drug manufacturers to provide at least 60 days’ notice of their intention to raise the cost of a drug more than 16% over the previous 24 months, would provide early notice of excessive price increases. Providing advance warning of significant price increases would help to protect consumers, employers and the State from rising drug costs. Further, given that there is little to no correlation between significant price increases and clinical improvements the legislation would be an important step to hold drug companies accountable for the prices they charge.