



FOCUS ON

PHARMACY COSTS

UNSUPPORTED RX PRICE HIKES CONTINUE WITHOUT ADDING QUALITY

\$815MM IN PRICE INCREASES IN 2023, \$10.5BB SINCE 2017 DESPITE NO 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 that are far above the rate of inflation for many of the costliest drugs. This impacts everyone in the country, especially patients and their families.”

— Foluso Agboola, ICER Vice President of Research

The Institute for Clinical and Economic Review (ICER)¹ routinely examines whether certain price increases are justified by new clinical evidence or other factors. Its latest report identified the top drugs with price increases in 2023 and found that five of the top 10 lacked adequate new evidence to support any price increase but added a total of \$815 million in costs to the U.S. health system on commonly used therapies to treat cancers and various chronic conditions, including arthritis, heart disease and HIV.

Since launching its inaugural report, ICER has estimated that unsupported price increases added more than \$10.5 billion to the health care system for just 29 drugs.

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 2023 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: 2022 to 2023	Net Price Increase % Change: 2022 to 2023	Spending Increase Due to Net Price Change
Biktarvy (Bictegravir, Emtricitabine, and Tenofovir Alafenimide)	5.9%	3.8%	\$359,000,000
Darzalex (Daratumumab)	7.6%	3.7%	\$190,000,000
Entresto (Sacubitril/Valsartan)	6.2%	3.6%	\$108,000,000
Cabometyx (Cabozantinib)	7.5%	5.9%	\$86,000,000
Xeljanz (Tofacitinib)	6.0%	6.7%	\$72,000,000
Average	6.6%	4.7%	
Total			\$815,000,000

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.

\$10.5 BILLION IN ADDED COSTS: NO ADDED BENEFITS

ICER issued its first report in October of 2019, identifying seven specific drugs that had price increases that were not supported by new clinical evidence, resulting in \$4.8 billion in additional costs in 2017 and 2018. Its subsequent reports found that the expense of unsupported price increases ranged between \$1.67 billion and \$815 million in added costs. Since its inaugural report, ICER has documented more than \$10.5 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 – 2023)

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
2023	5	\$815 Million

GREATER ACCOUNTABILITY OF BIG PHARMA'S PRICE INCREASES IS NEEDED TO PROTECT CONSUMERS

In 2023, New York took the important step of protecting consumers, employers and the State from rising drug costs by requiring drug companies to provide advance warning of significant price increases. While the law requires at least 60 days' notice of a proposed price increase of more than 16% over the previous 24 months, more aggressive action is necessary.

The 2020-2021 enacted state budget created the Drug Accountability Board in the Department of Financial Services, giving the Superintendent the ability to investigate when the cost of a prescription drug increases over 50% in a calendar year. This threshold should be lowered, allowing the Board to identify up to 10 prescription drugs that the state spends significant health care dollars and the price has increased by 50% or more over the last five years or by 10% or more over the prior 12 months, and requiring drug companies to explain the justification for excessive price increases.

As there is little to no correlation between significant price increases and clinical improvements, this should include how often the price of the drug has increased and the rationale for the increases, the direct costs associated with manufacturing, such as R&D and materials costs, and marketing and distribution spending.

Lowering the threshold would be an important step to hold Big Pharma accountable and determine whether the price increases drug manufacturers charge are justified.