



Cancer drug pricing & The last mile of innovation

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We have a challenge with cancer drug prices

Monthly and Median Costs of Cancer Drugs at the Time of FDA Approval
1965-2018

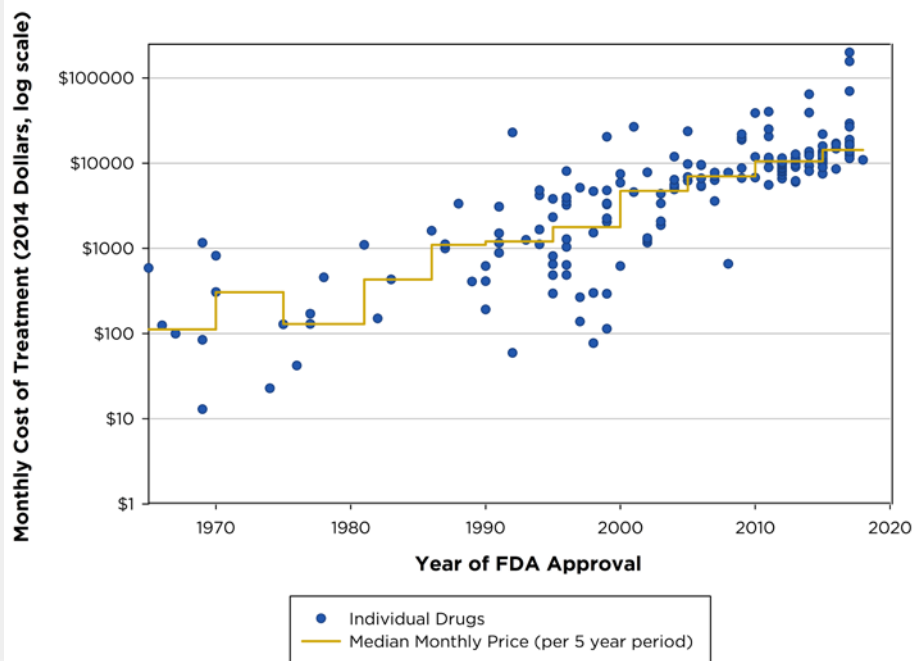
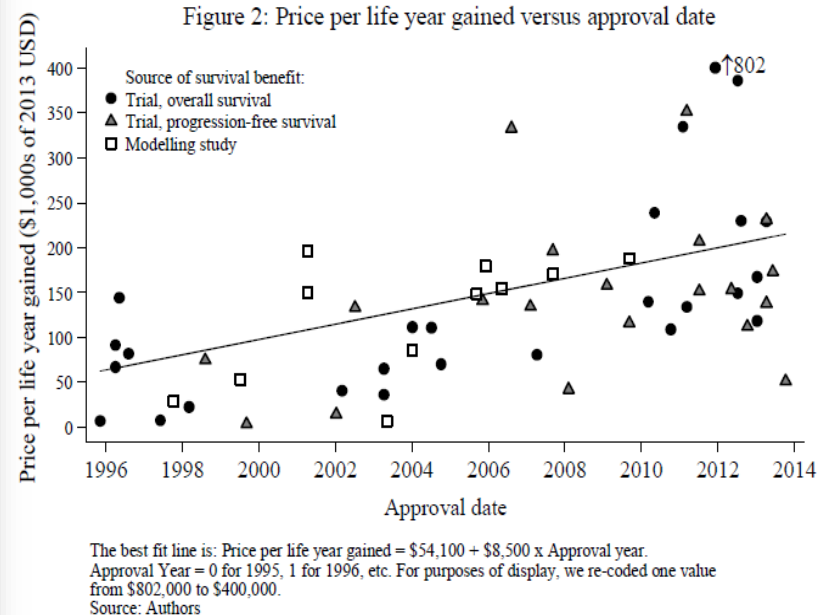


Figure 2: Price per life year gained versus approval date

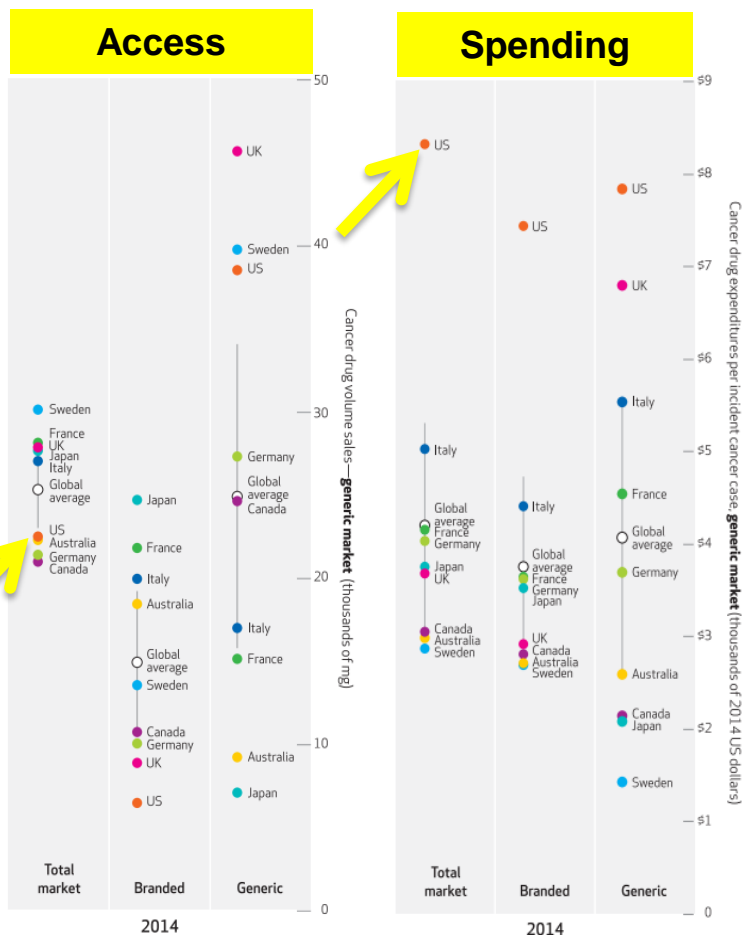


Market based prices: do not conform to all people getting access

CANCER DRUGS

By Sebastian Salas-Vega and Elias Mossialos

Cancer Drugs Provide Positive Value In Nine Countries, But The United States Lags In Health Gains Per Dollar Spent



BMJ Open Cost-related non-adherence to prescribed medicines among older adults: a cross-sectional analysis of a survey in 11 developed countries

Steven G Morgan, Augustine Lee

Table 3 National prevalence and adjusted odds of cost-related non-adherence among respondents to the 2014 Commonwealth Fund International Health Policy Survey of Older Adults

Country	CRNA %	Unadjusted OR (95% CI)	Adjusted OR (95% CI)
Australia	6.8	2.37 (1.14 to 3.98)	2.17 (1.29 to 3.68)
Canada	8.3	2.92 (1.77 to 4.84)	2.76 (1.66 to 4.59)
France	1.6	0.54 (0.27 to 1.08)	0.47 (0.24 to 0.95)
Germany	3.7	1.22 (0.64 to 2.33)	1.00 (0.52 to 1.91)
Netherlands	4.0	1.35 (0.72 to 2.53)	1.19 (0.63 to 2.24)
New Zealand	4.8	1.62 (0.85 to 3.10)	1.69 (0.88 to 3.24)
Norway	2.4	0.80 (0.41 to 1.59)	0.66 (0.33 to 1.31)
Sweden	2.4	0.78 (0.47 to 1.32)	0.80 (0.47 to 1.36)
Switzerland	2.9	0.97 (0.54 to 1.75)	0.86 (0.48 to 1.57)
UK	3.1	Reference	Reference
USA	16.8	6.47 (3.89 to 10.78)	6.10 (3.64 to 10.20)

Results reported in bold are significant at p=0.05.

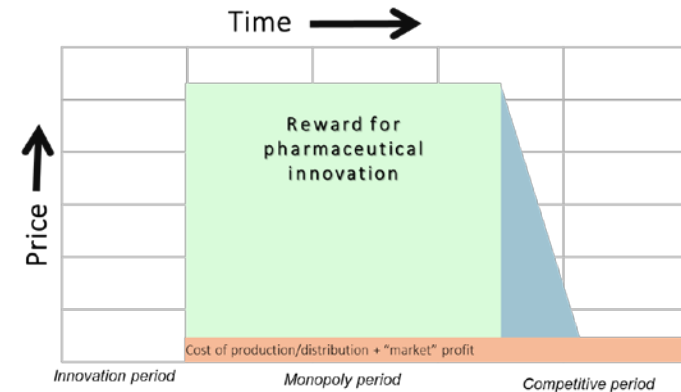
Adjusted ORs based on sample-weighted logistic regression models that control for age group, sex, health status and household income. CRNA, cost-related non-adherence, sample-weighted prevalence.

The last mile problem for cancer drugs

- Market pricing does not ensure access to new innovation
- Defect clear in pricing and access to cancer drugs
 - Profit maximizing price is not welfare maximizing
 - See it in other areas of specialty drugs, like HCV treatment
- This is a policy failure, not a market failure

Challenges are not insurmountable

- Manage 4 sides of the box, not 3, with
- Value based pricing, which has ...
 - Two prongs:
 - 1) Price \approx treatment benefit
 - 1) Manage height of the box
 - 2) Required coverage for Medicare/Medicaid
 - 1) Lower copays, that are there to manage price (which they do poorly)
- Value based pricing is not ...
 - Perfect, but it is meaningfully better than current
 - Outcomes based contracts – those are a drug company ruse
 - Mortgage financing – those help pharma/payers pass along high prices



Thank you