ML STRATEGIES

President Trump Delivers Much Anticipated Drug Pricing Speech

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On Friday, after weeks of delay, the President finally delivered his Drug Pricing Speech and released the **HHS Blueprint** detailing the Trump Administration's plan to lower drug prices and reduce out-of-pocket costs.

The speech made pointed attacks on "the middlemen" and drug lobbyists. President Trump even called out Secretary Azar's past role as a drug company executive when calling out drug companies' role in high drug prices.

The **HHS blueprint** lays out the details of four overarching strategies to reduce prescription drug costs:

1. Improved competition
2. Better negotiation
3. Incentives for lower list prices
4. Lowering out-of-pocket costs

Proposals to meet these objectives include: (a) issuing guidance on REMS and promoting innovation and competition for biologics, (b) allowing Medicare Part D plans to adjust formularies mid-year if a drug manufacturer increases the price of a drug on the formulary, (c) reforming how Medicare Part B drugs are priced and potentially allowing Medicare Part D plans to negotiate prices for such drugs, (d) instructing CMS to make Medicare and Medicaid prices more transparent, (e) exploring value-based purchasing and pricing arrangements, and (f) prohibiting Medicare Part D plan contracts from preventing pharmacists from informing patients when they could pay less out-of-pocket. It is unclear what (f) is targeting because Medicare Part D plan sponsors are required to include in their contracts with pharmacies a provision mandating that the pharmacy never charge the Medicare Part D member more than the price negotiated between the plan sponsor and the pharmacy. Therefore unlike individuals covered by commercial insurance, Medicare Part D members do not pay co-payments that are higher than the cost of the drug.

However, for all the talk on foreign government freeloaders there is little information on how that will be addressed, other than cross-agency assessments.

Most importantly, if you look closer at the details that fill in those strategies (specifically pages 23-25) you will see that every proposal starts with "HHS **may**." In the 44 pages of the Blueprint, the key word is MAY. Nothing in the Blueprint is straight directive. It is a suggestion for the agency. What HHS actually does remains to be seen. And this remains an uncertainty for stakeholders until we see what is done.

Additionally, in the Blueprint we see that the Administration is interested in comments regarding steps that can be taken to improve price transparency in Medicare, Medicaid, and commercial plans, ending foreign government freeloading, examining the 340B program, changing/improving REMS, fiduciary duties for PBMs, and restructuring of rebates. They will be issuing an RFI for public comment. Although this is a long list, this is a long way from actual action.

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