

PRESS RELEASE



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Health Care Leaders Call for Sustainable Pricing as Senate Health Committee Shines Spotlight on Six-Figure Specialty Drugs

State Needs Comprehensive Assessment of High-Priced Drugs' Impact on Public Programs

Sacramento, CA – California legislators are examining [escalating prescription drug costs](#) and the flurry of new six-figure priced drugs at a State Senate Committee on Health hearing today. Medications like Gilead Sciences' Sovaldi have made headlines not only for the efficacy in treating Hepatitis C, but for their hefty price tags that threaten to destabilize our health care system, public programs and state budgets across the nation. The high-pricing of specialty drugs that treat more common diseases, like Hepatitis C, runs counter to efforts to make health care affordable and accessible. The full impact of these high prices is yet to be seen though, and California needs a comprehensive assessment of how these costs will affect the state and consumers.

“We need to engage in a broad public discussion about how to provide access to highly effective treatments without raising costs to the point where coverage could become out of reach for many Californians—sustainable drug prices must be a big part of that discussion,” said Charles Bacchi, president and CEO of the California Association of Health Plans. “High-priced drugs will create a ripple effect throughout state programs, eating up budgets and taxpayer dollars. With a host of specialty drugs in the pipeline, California can’t afford six-figure prices for widely-needed drugs to become the new normal.”

Specialty drugs today consume a disproportionately high portion of drug spending, representing a small fraction of prescriptions written, but accounting for nearly 30 percent of all prescription drug spending. And, as specialty prescriptions become more common, the high prices of these drugs will be budget busters for payers across the country. Public programs are acutely affected by Hepatitis C and their already tight budgets will be hit the hardest by crippling costs.

California Governor Jerry Brown acknowledged the potential impact of high-priced specialty drugs in this year’s proposed state budget, by allocating \$300 million solely for the use of Hepatitis C drugs like Gilead Sciences’ Sovaldi, which costs \$1,000 per pill -- \$84,000 for a single course of treatment. Unfortunately, \$300 million may only be the tip of the iceberg, as more than 90,000 people in Medi-Cal and state prisons are estimated to have chronic Hepatitis C.

“Drug companies are effectively pricing Americans out of access to novel lifesaving and life prolonging therapies. Sustainable pricing has the potential to eradicate serious diseases, like Hepatitis C, and it’s imperative that these companies come to the table to address the issue of affordability and offer prices that allow those in need to access these drugs,” said one of today’s panelists Sameer Awsare, M.D., Associate Executive Director of Pharmacy/Adult & Family Medicine at Kaiser Permanente.

While Sovaldi has great potential as an effective treatment for Hepatitis C, its price tag stands in the way of widespread benefits for the hundreds of thousands of Californians and millions of Americans suffering from the disease. But, Sovaldi is not alone - 70 percent of drugs approved by the Food & Drug Administration in 2013 were specialty medications, and 12 new 'blockbuster' drugs are on the horizon this year. Even old medications are joining the dangerous price-pushing trend as EpiPens, antibiotics and other established drugs have multiplied in cost during the past several years.

“Drug prices are going up across the board, stretching already thin budgets for many local health plans that provide health coverage to low-income families in California. We’ve seen a 27 percent increase in generic drug prices over the last 2 years. Medi-Cal plans like ours are hit especially hard by high-priced specialty drugs – treating just a small number of cancer patients with six-figure oncology treatments can take a big bite out of our pharmacy budgets,” added Amy Shin, CEO of the Health Plan of San Joaquin, also a participant on today’s panel. “Outpatient cancer drugs account for \$2.12 million over a year to treat just 92 patients.”

This year, more Californians have health coverage than ever before through Covered California and the expansion of Medi-Cal, but the success of this system hinges on affordability. And, as today’s hearing exemplifies, specialty drugs are an especially virulent cost driver. With \$100,000 a year oncology drugs becoming commonplace and new, high-demand medications like Sovaldi on the market, specialty drug spending is expected to quadruple in just five years. Addressing these costs is critical to the sustainability of health care as the state moves forward with health care reform and more people gain coverage both through private insurance and Medi-Cal.

“Now is not the time to test the limits of our health care system with record-breaking prices. Everyone will ultimately bear the brunt of accelerating prescription costs if we don’t peel back the onion on how these drugs are priced and look for sustainable solutions,” added Bacchi.

For more information on the factors driving up health care costs in California, please visit [Health Care Cost Drivers: Spotlight on Specialty Drugs](#).

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