

Patient Out-of-Pocket Costs Continue to Climb While Insurers are Covering Fewer Drugs

That's Despite Reductions in Pharmaceutical Manufacturer Net Drug Prices

2020 Drug Pricing Reports:

Several pharmaceutical companies -- including Janssen, Lilly, Merck, Novartis, and Sanofi -- recently released their 2020 drug pricing reports. The reports highlight a 5-year trend: Net drug prices charged to U.S. insurance companies and pharmacy benefit managers (PBMs) are declining. Rather than pass these discounts and savings onto customers, health plans are raising copayments and reducing the number of covered drugs.

Manufacturing Net Prices

	2016	2017	2018	2019	2020	Average
 janssen	3.5%	-4.6%	-6.8%	-1.2%	-5.7%	-2.96
 Lilly	2.4%	6.0%	-5	-3.3%	-5.3%	-1.4%
 MERCK	5.5%	-1.9%	2.99%	1.8%	-0.9%	1.49%
 NOVARTIS	-2.0%	-2.1%	-1.1%	2.9%	-0.2%	-0.5%
 SANOFI	-2.1%	-8.4%	-8.0%	-11.1%	-7.8%	-7.48%

Net drug prices are going down because manufacturers are providing bigger discounts to health plans and PBMs.

Manufacturing Discounts and Rebates

	2016	2017	2018	2019	2020	Average
 janssen	-	42%	47%	51%	53%	48.25%
 Lilly	50%	51%	54%	57%	60%	54.4%
 MERCK	40.9%	45.1%	44.3%	43.7%	45.5%	43.9%
 NOVARTIS	47.7%	49.5%	49.8%	48.4%	46.8%	48.4%
 SANOFI	-	-	55%	55%	54%	54.7%

Patient Out-of-Pocket Costs Increasing

Despite net prices dropping and manufacturers providing deeper discounts to health plans, patient out-of-pocket costs continue to rise.

For example:

- Commercial health and Medicare drug plans have increased the average patient's out-of-pocket cost for the insulin Lantus by 82% since 2012 — even though health plans were paying 44.9% less over that same time period.¹

Health Plans Are Covering Fewer Therapies, Forcing Patients to Pay More

Health plans are not only increasing out-of-pocket costs, they are also covering fewer therapies.

For example:

- From 2010 to 2019, Medicare Part D plans dropped coverage of available drugs from 73% to just 56%.²
- In 2020, 28% of people reported taking a prescription drug that was not covered by their insurance plan.
 - Half of this group spends less than \$50 a month on these non-covered medications; the rest spend as much as \$300, or even more, every month.³

¹ https://www.sanofi.us/-/media/Project/One-Sanofi-Web/Websites/North-America/Sanofi-US/Home/corporateresponsibility/Sanofi_2021_Pricing_Principles_Report.pdf?la=en

² <https://www.goodrx.com/blog/the-big-pinch-fewer-prescription-drugs-covered-more-insurance-restrictions/>

³ <https://www.goodrx.com/blog/survey-more-americans-uninsured-compared-to-last-year/>

Deadly Consequences of Reduced Insurance Coverage

Health plans have a shared interest in and responsibility to provide meaningful drug coverage and pass manufacturer discounts on to patients. Insurers must ensure that their individual and family drug coverage copayments are affordable.

- A 34% copayment increase — just \$10.40 more per drug — leads to a significant decrease in patients filling their prescriptions -- *and a 33% increase in mortality.*⁴

⁴ https://www.nber.org/system/files/working_papers/w28439/w28439.pdf