

Health Policy 201 – drugs

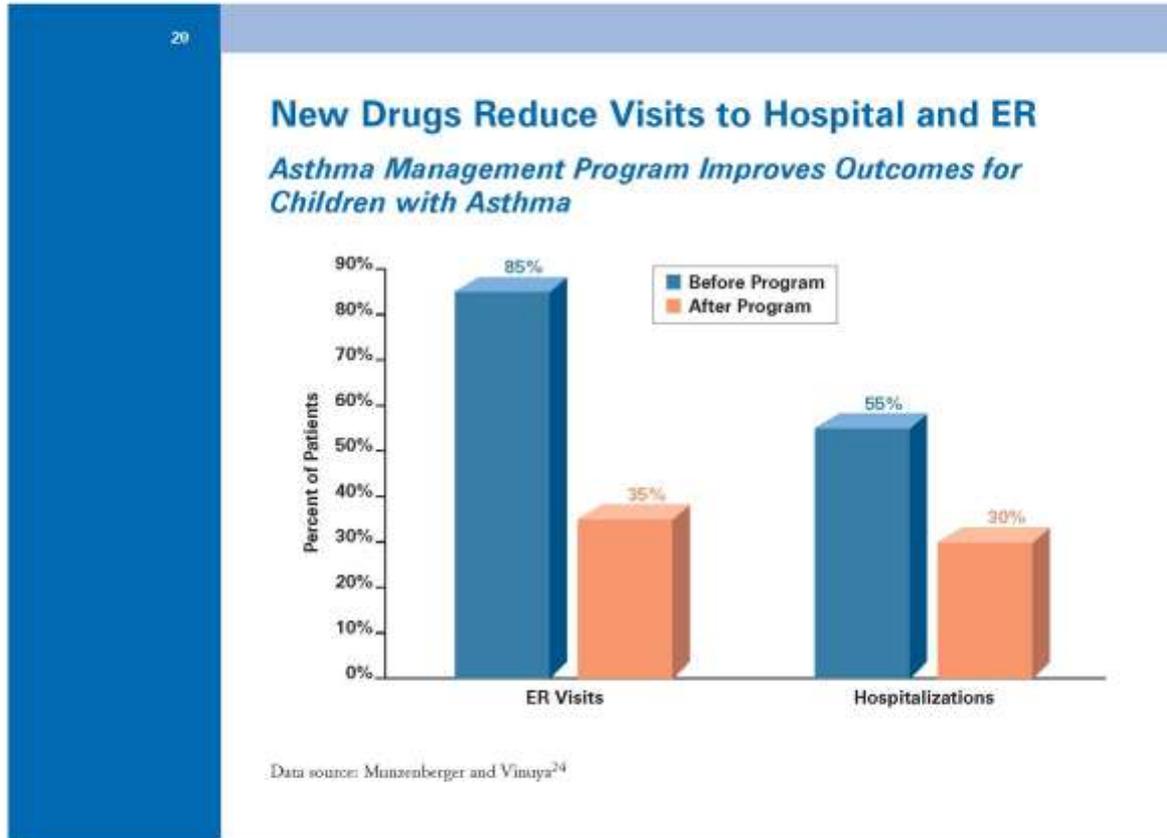
Ellen Andrews, PhD
Fall 2011



benefits

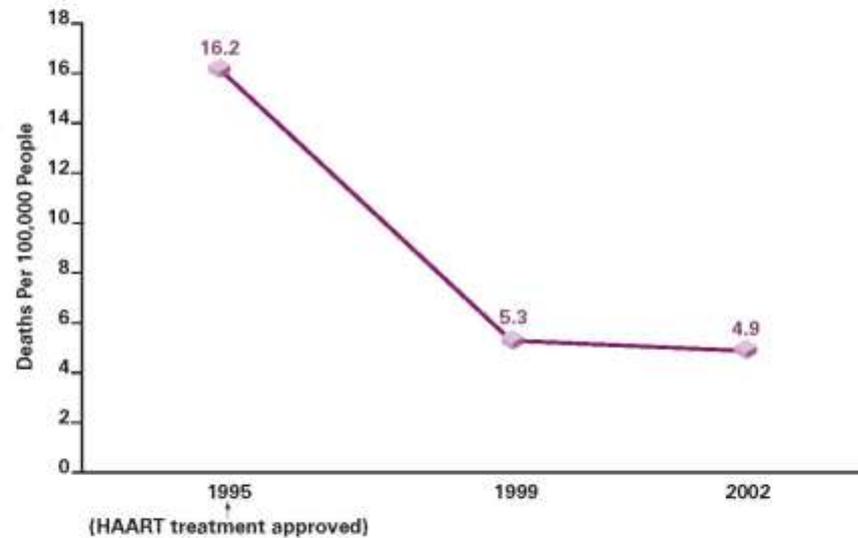
- Since the mid-1990s, when researchers developed a new wave of medicines to treat HIV/AIDS, the U.S. death rate from AIDS dropped about 70 percent.
- Since 1971, our arsenal of cancer medicines has tripled. These new drugs account for 50–60 percent of the increase in six-year cancer survival rates since 1975.¹⁰ Recent data show that in 2003 the total number of people who died of cancer went down for the first time in over 70 years.
- The progress made in reducing death rates from heart disease and stroke is saving the lives of over 1 million Americans each year.

benefits



benefits

U.S. AIDS Deaths Drop Dramatically with Introduction of New Medicines



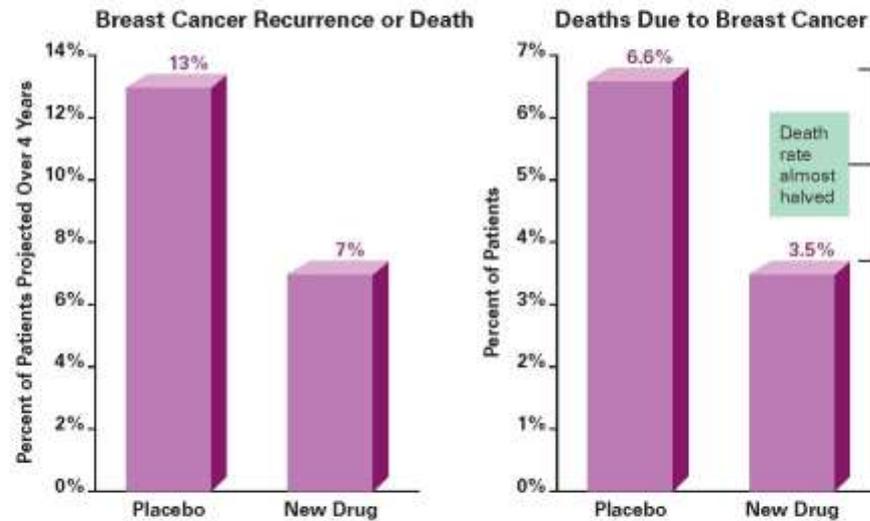
Data source: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics¹⁴

benefits

12

Medicines Prevent Cancer Recurrence

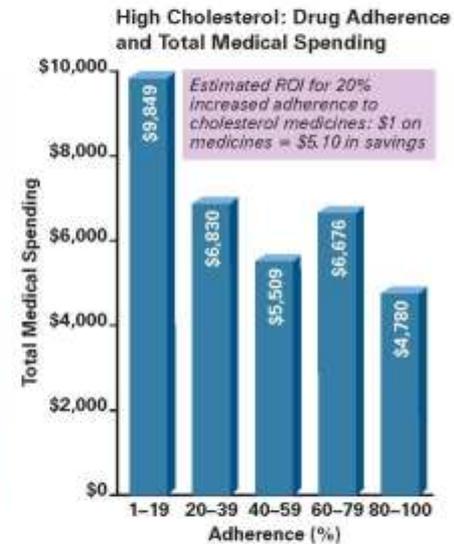
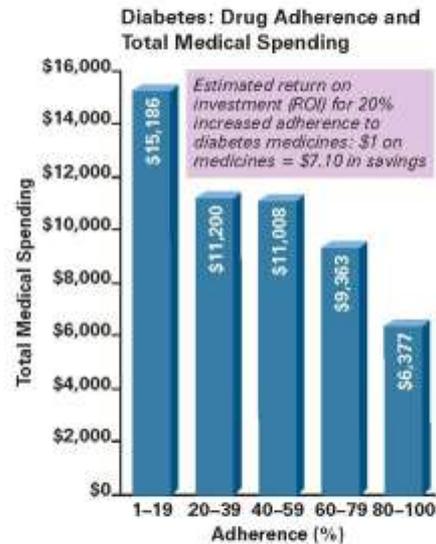
New Breast Cancer Drug Greatly Reduces Recurrence and Death (5 to 10 Years After Diagnosis in Postmenopausal Women)



Note: Study halted early in order to provide the drug to all participants.
Data source: Goss et al.¹⁵

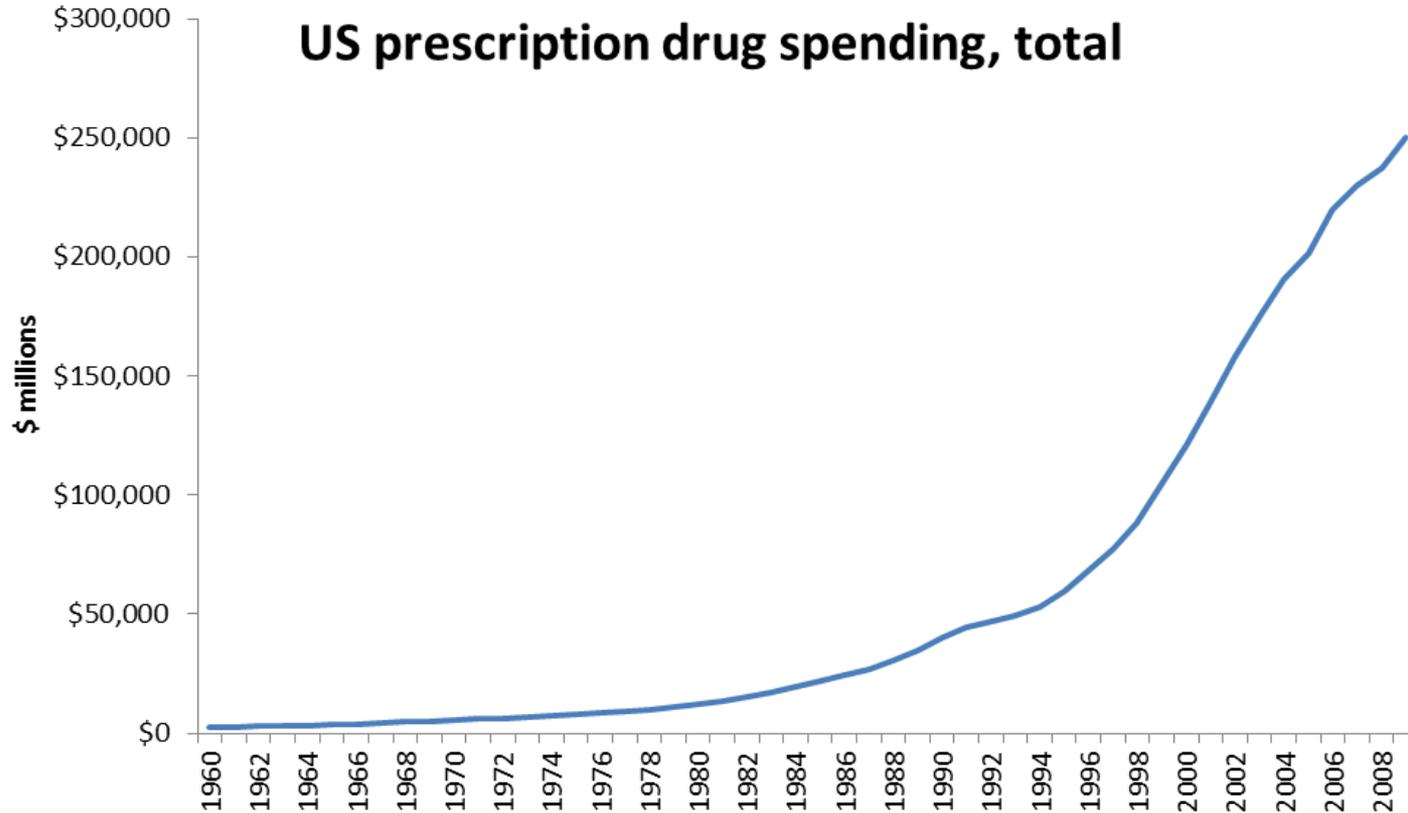
benefits

Greater Adherence to Medicines Decreases Total Health Care Spending



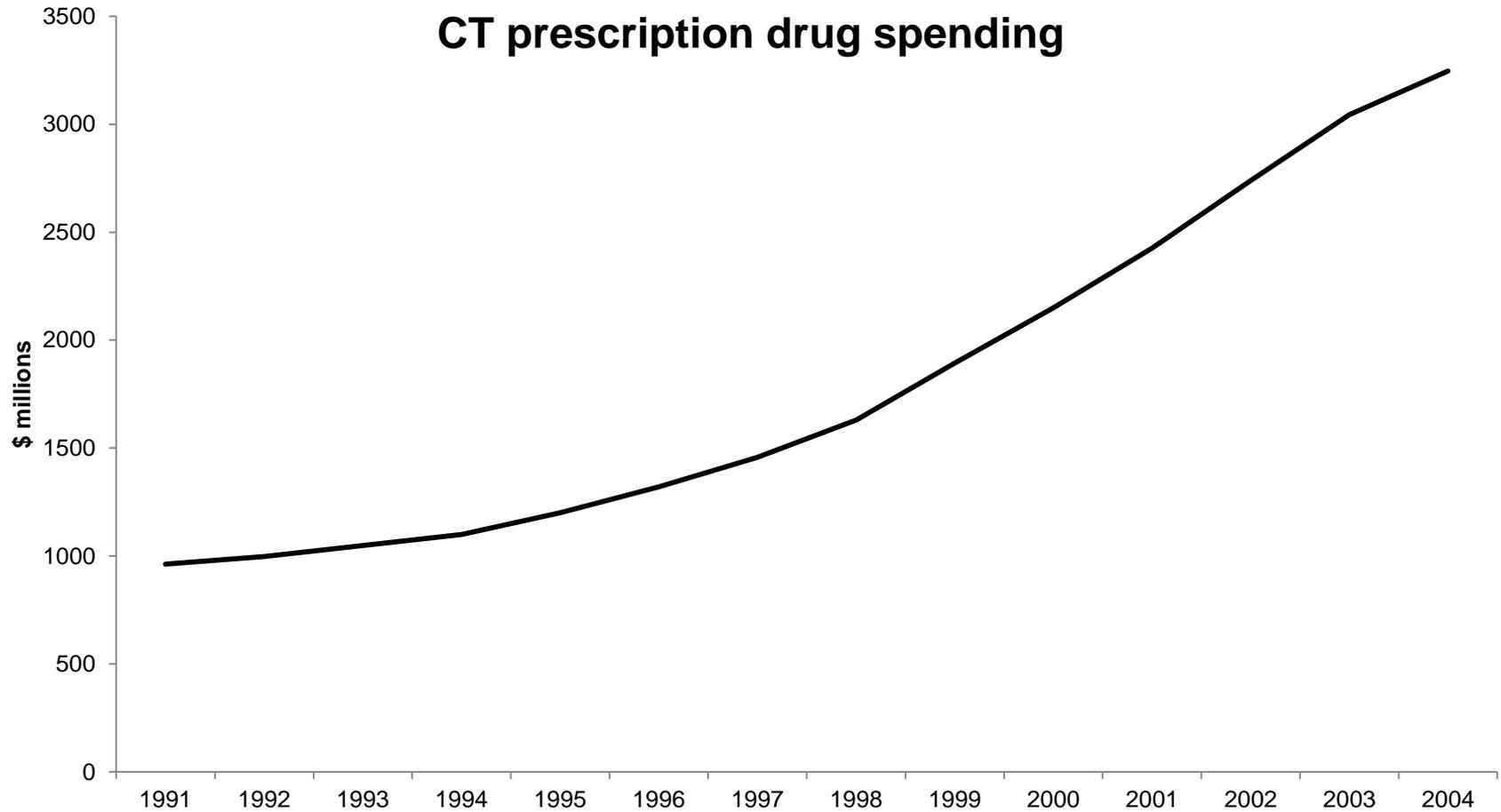
Note: Adherence is the extent to which patients take medicines as prescribed, in terms of dose and duration.
Data source: Sokol et al.³⁸

Prescription costs rising



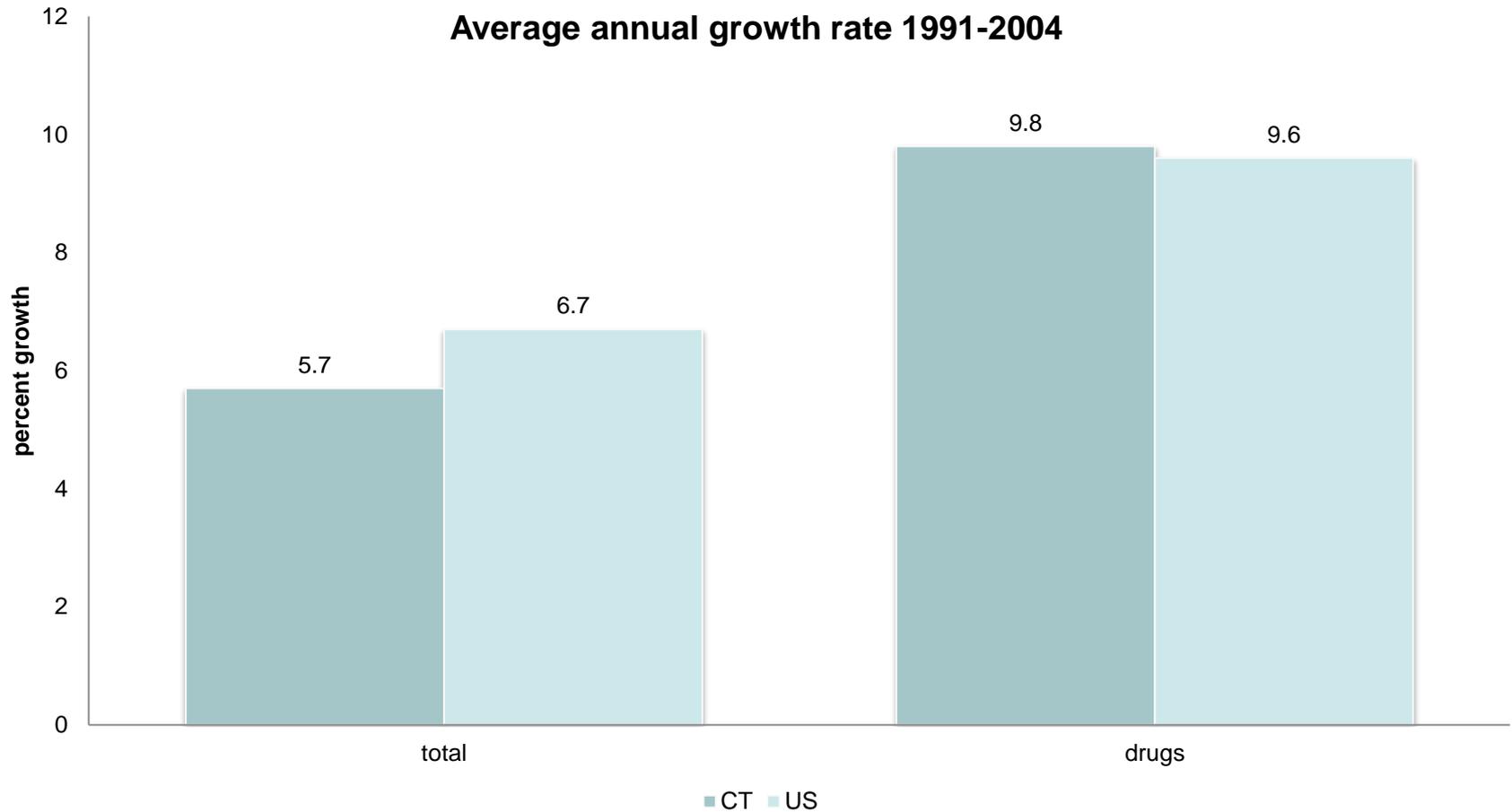
Source: National Health Accounts, CMS

Prescription costs rising



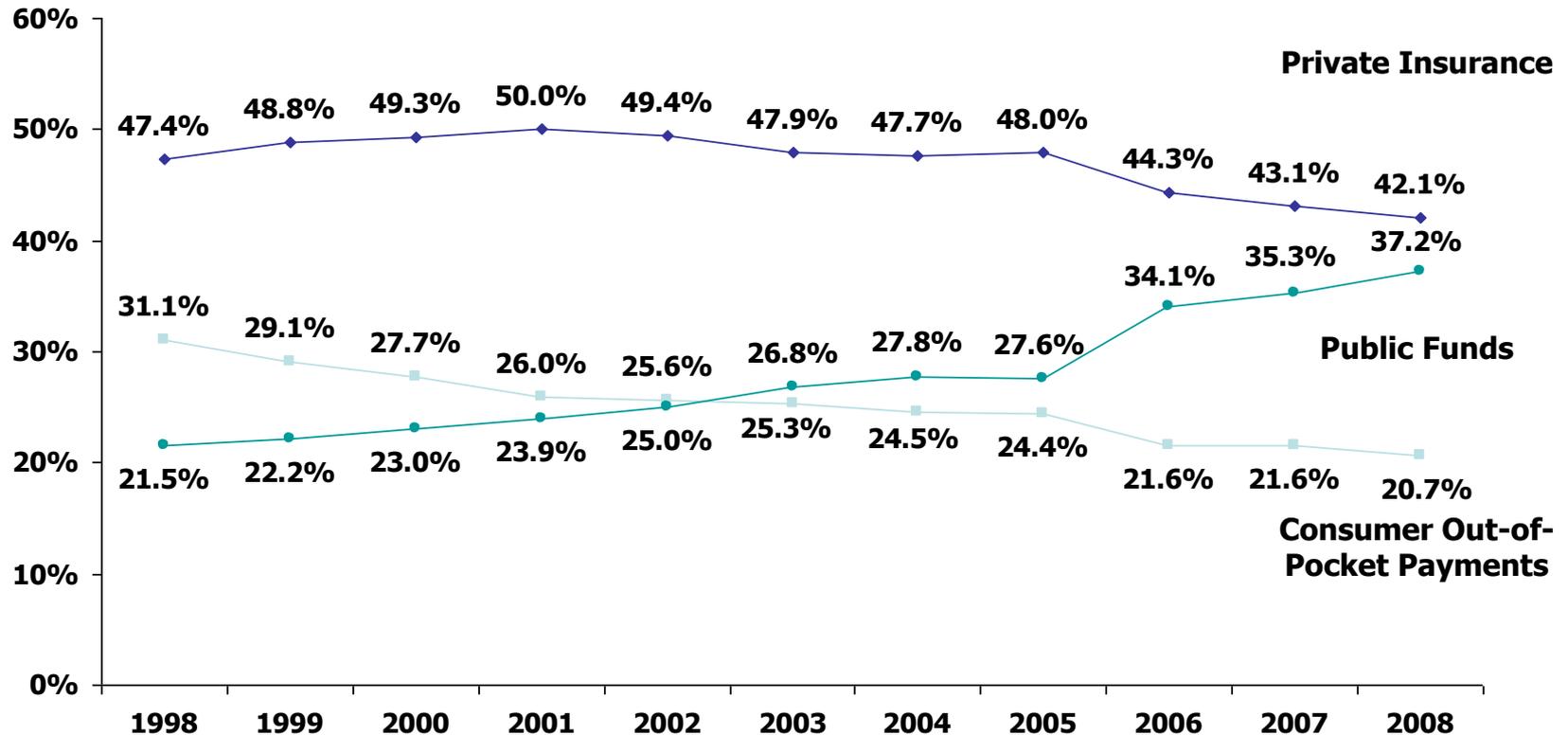
Source: National Health Accounts, CMS

Prescription costs rising



Source: National Health Accounts, CMS

Distribution of National Prescription Drug Expenditures by Source of Payment, 1998-2008



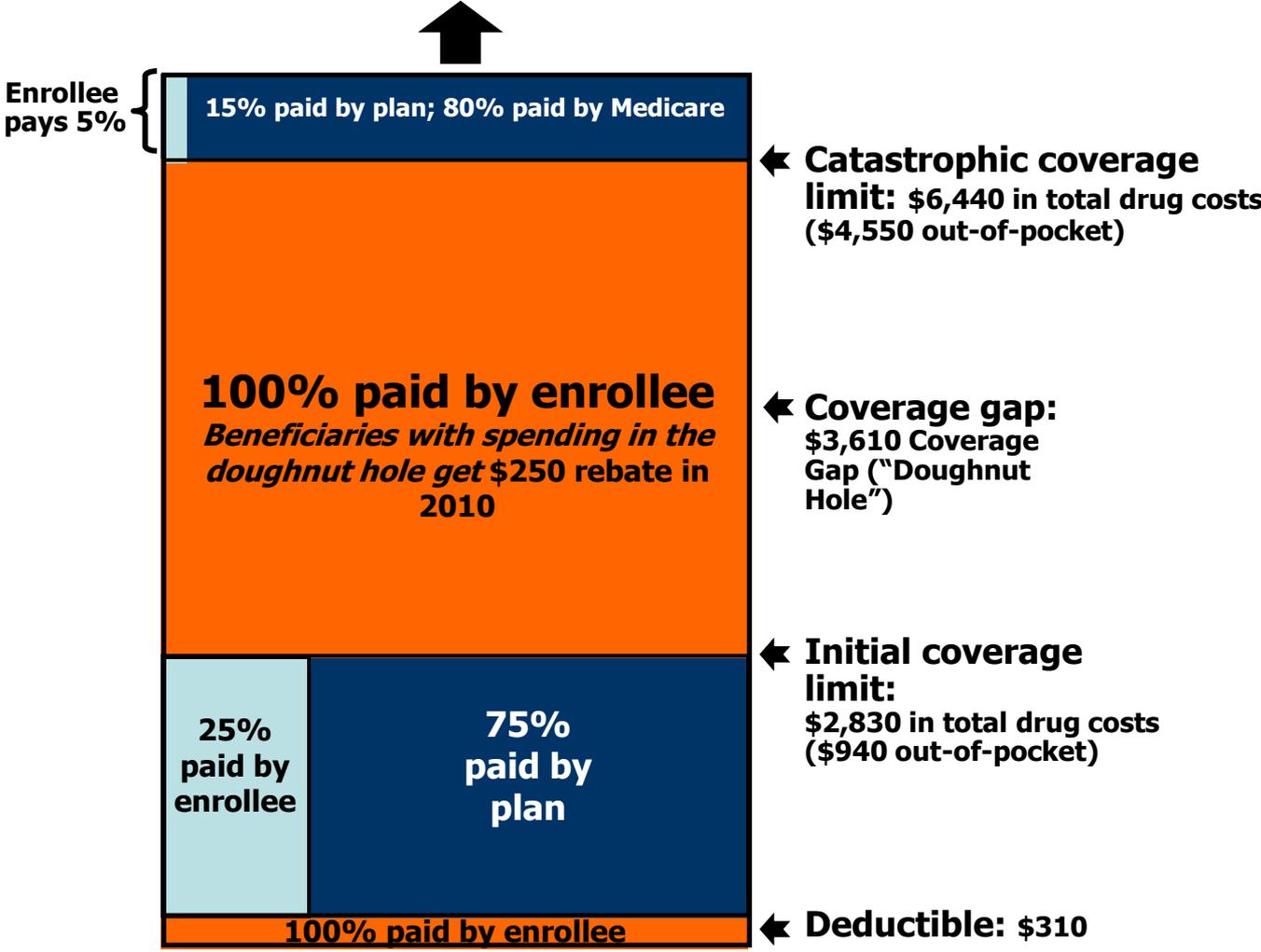
Notes: Percentages may not total 100% due to rounding.

Source: Kaiser Family Foundation calculations using NHE data from Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, at <http://www.cms.hhs.gov/NationalHealthExpendData/> (see Historical; National Health Expenditures by type of service and source of funds, CY 1960-2008; file nhe2008.zip).

Medicare Part D

- Passed in 2003, implemented in 2006
- Prescription coverage through private plans
 - 34 in CT now
- Troubled at first, not enough information about costs, covered drugs, subsidies
- Standard benefit package
- Monthly premiums
- Voluntary but penalties for waiting
- Now 90% of Medicare beneficiaries have prescription coverage
 - 60% in Medicare Part D plans
- Part D will cost \$55 billion this year

Standard Medicare Prescription Drug Benefit, 2010



SOURCE: Kaiser Family Foundation illustration of standard Medicare drug benefit in 2010 under the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010.

adherence

- 1 in 3 patients reports not taking a prescription to be filled
- 70 to 75% do not take med.s as prescribed
- Especially high for asymptomatic conditions
- Costs estimated at \$100-\$300 billion/year
- Linked to 125,000 deaths/year

Promotional spending

- Detailing – drug rep.s visiting doctors' offices
- Gifts
- Travel to conferences
- CME
- Samples
- Pay for meals, lunches, coffee in office
- Promotional materials – pens, etc.
- Lunch rounds, PR speakers
- Advertising in medical journals
- Honoraria
- Research funding
- Direct-to-consumer advertising

Promotional spending

- In 2000 companies making top 50 selling drugs spent 32% of revenue on marketing, 13% on research and development on average
 - made 14% profit
- More than 95% of JAMA ads are for drugs
- Largest purchaser of reprints
- Half of CMEs paid for by drug companies
 - CME required for licensure, hospital admitting, board certification
 - >\$1billion/year, up 300% from 1998 to 2007
- In 2001 average ROI per dollar in promotion was \$12.70

Promotional spending

- Promotional spending by drug companies on physicians was \$30 billion in 2004
- More than NIH (\$29b) or FDA (\$2b) budgets in 2008
- Despite what they say, studies consistently find that promotional spending increases prescribing of promoted drugs
 - 3 minutes with doctor results in 52% prescribing change
- In 2005 there was one drug rep per 6 US physician
- Most samples not given to uninsured
 - Tool to start patients on their drug, not enough to finish treatment, usually stay on it
- To check doctors and gifts, go to <http://www.propublica.org/topic/dollars-for-doctors>

research

- 52.8% of academic researchers have some industry financial ties as of 2007, higher among clinical researchers
- In 1998, US public sector health research \$8.8 billion, roughly equal to private, for-profit research spending
- Among 21 most important pharmaceutical innovations (had largest impact on therapeutic interventions) 1965 to 1992, only 5 were developed with no public sector research

lobbying

- 25 key players on Capitol Hill – Congressmen and staffers – in developing Medicare Part D legislation now employed by drug companies
- Billy Tauzin -- now President of PhRMA – reportedly makes 10 times what he did as a Congressman, former Chair of House Committee that developed Medicare Part D
- Former Sen. John Breaux's lobbying firm gets \$300,000 to lobby for drug companies, he fought to remove government's ability to negotiate drug prices for Medicare Part D

List of former staffers now at drug companies, go to
<http://www.propublica.org/special/medicare-drug-plan-architects-now-drug-company-lobbyists-102009>

enforcement

- 8 of top ten federal fraud settlements in 2009 were against drug companies
- Highest was \$600 million against Allergan for marketing Botox for unapproved uses
- Last year Glaxo fined \$750 million to settle civil and criminal complaints it knowingly sold contaminated baby ointment and an ineffective antidepressant
- Company's former quality manager, whistleblower, warned company and was fired
 - She gets \$96 million of the settlement
 - Prior settlements for inappropriate marketing
 - This is the first for knowingly selling contaminated products
- Average whistleblower settlement \$3 million

MA reforms

- Passed in 2009 to counter rising drug costs, marketing
- Limits payments for meals, conferences, meetings, CME,
- No payments, honoraria, payments for prescribing, to physicians
- No gifts – pens, mugs, calendars, tickets to sporting events
- Must publicly disclose all payments, donations, charitable contributions, financial relationships with providers