



The Puerto Rico Chamber of Commerce
and El Nuevo Día invite present the...



PUERTO RICO
Health & Insurance
CONFERENCE 2017



Beyond ObamaCare: Evolution and Changes for Healthcare in Puerto Rico

Unveiling The Cost of Drugs
Dr. Martty Martínez Fraticelli



Agenda

- Why the US Pays More Than Other Countries for Drugs
- Five Reasons Prescription Drug Prices are so High in US
- Unnecessary Regulations That Increases Prescription Drug Costs

Why the US Pays More Than Other Countries for Drugs

- An Example between US vs Norway (2014)
 - GDP per capita in US about \$55,000 vs \$97,000 in Norway
 - Price of Gasoline per gallon in US \$3.44 vs \$6.00 in Norway
 - A vial of Rituxan \$3,678 in US (Medicare) vs \$1,527 in Norway
 - An injection of Xolair in US price is about \$463 vs \$250 in Norway
- Americans fund much of the global drug industry earnings
- Why, rooted in philosophical and practical differences in:
 - The way the health system provides benefits
 - Drug industry political clout
 - Many Americans deep aversion to the notion of rationing



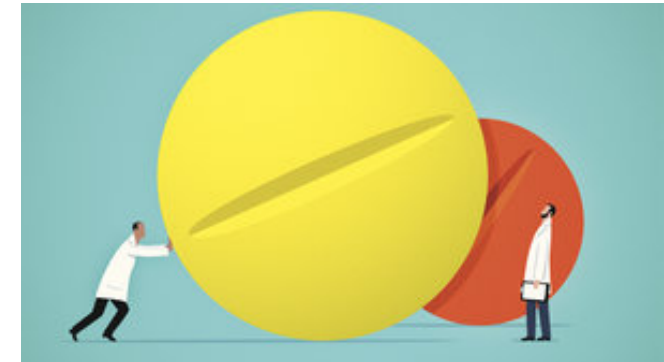
Why the US Pays More Than Other Countries for Drugs

- In many EU countries:
 - Government run health system drives hard bargain with manufacturers by:
 - Setting price caps
 - Demand proof of value for new medications vs old ones (cost-effectiveness)
 - Refuse coverage if not proven added value
- In US
 - Medicare, by law, can not negotiate prices with drug companies
 - Medicare is barred from using cost-effectiveness studies to determine coverage
 - Fragmented market payors (Medicare, State Medicaid, Employers, Health Plans)
 - Many says that if US drug prices fall to EU levels it will cause a reduction in innovation
 - However, many drug discoveries are actually funded by the US government



Five Reasons Prescription Drug Prices Are So High in US

- Drug manufacturers in US set their own prices, and that is not the norm elsewhere in the world
- We allow “government-protected monopolies” for certain drugs, preventing generics from coming to market to reduce prices
- The FDA takes a long time to approve generic drugs
- Drug prices are not really justified by R&D
- State laws and other “well-intentioned” federal policies limit generics’s abilities to keep costs down



Unnecessary Regulations That Increase Prescription Drug Costs

- **Barriers to Efficient Networks**
 - The report published savings for limited networks from \$0.50 to \$1.50 per claim
 - It also mentioned the increase risk of fraud
- **Barriers to Cost Effective Formularies and Utilization Management**
 - Close formularies and Utilization Management like Step Therapies
 - Increase generic utilization saving around \$1.50 to \$2.00 PMPM
- **Barriers to Combat Fraud like Audit Restrictions**
 - Most estimates place the level of fraudulent behavior around 10%

Legislation





Thank You

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