

Drug Price Trends Over the Life Cycle: Examples and Implications



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OBJECTIVE

- To determine trends in annual list and net prices during the drug life cycle, during and following the period of exclusivity.

METHODS

- Among drugs that experienced a loss of exclusivity (LOE) in the US within the past 5 years, we examined price trends for an example from the following categories:
 - Protected Medicare Part D class facing lower competition: tenofovir/emtricitabine combination pill
 - Protected Part D class facing higher competition: desvenlafaxine
 - Non-protected Part D class facing lower competition: ezetimibe and simvastatin combination pill
 - Non-protected Part D class facing higher competition: fluticasone/salmeterol discus
 - Specialty drugs for which a biosimilar entered the US market (infliximab, rituximab)
- Drug prices were determined for 2008-2021 using data from SSR Health, which provides estimates of the average US Wholesale Acquisition Cost (WAC) and net price inclusive of rebates and discounts, approximated across strengths and package sizes.

RESULTS

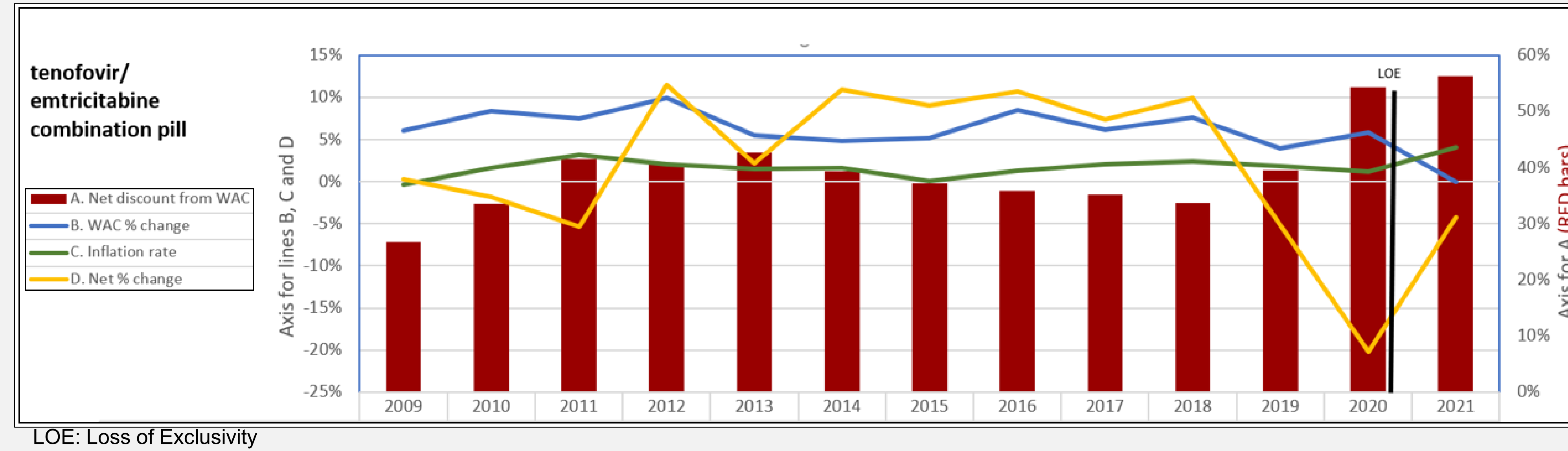
- The difference between average annual WAC and net prices increased over time for 5 of the 6 drugs examined, suggesting growing rebates.
- Net price increases frequently exceeded inflation. As compared with earlier years of the drugs' life cycle, annual WAC and net prices were typically higher during the years immediately preceding LOE, and the difference between WAC and net prices was generally larger.
- Increases in net prices were higher for the drugs facing lesser competition, and the magnitude of difference between WAC and net prices varied between the drugs examined and for each drug over time.

DISCUSSION / IMPLICATIONS

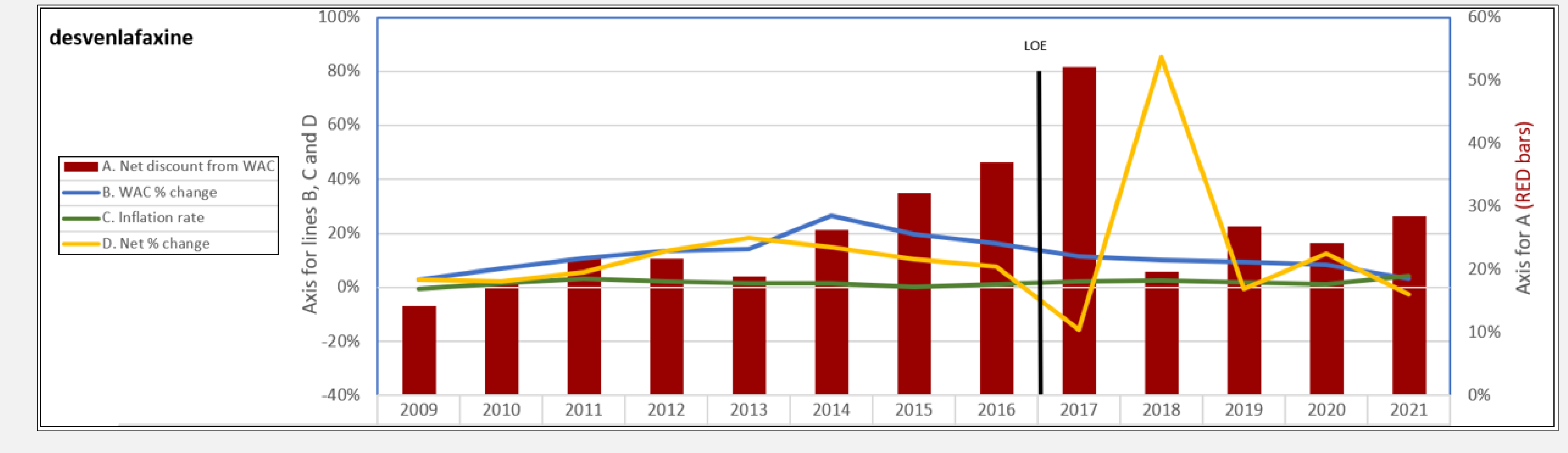
- In these examples, undiscounted WAC appeared to be a poor representation of a drug's actual price in the US health system.
- Applying a standardized fixed percent discount from WAC also seems to be an imprecise estimate of actual drug price, given the yearly variability in net price that we observed.
- These examples highlighting price increases pre-LOE and price decreases post-LOE align with policy considerations to limit price increases and enhance competition.

FIGURES

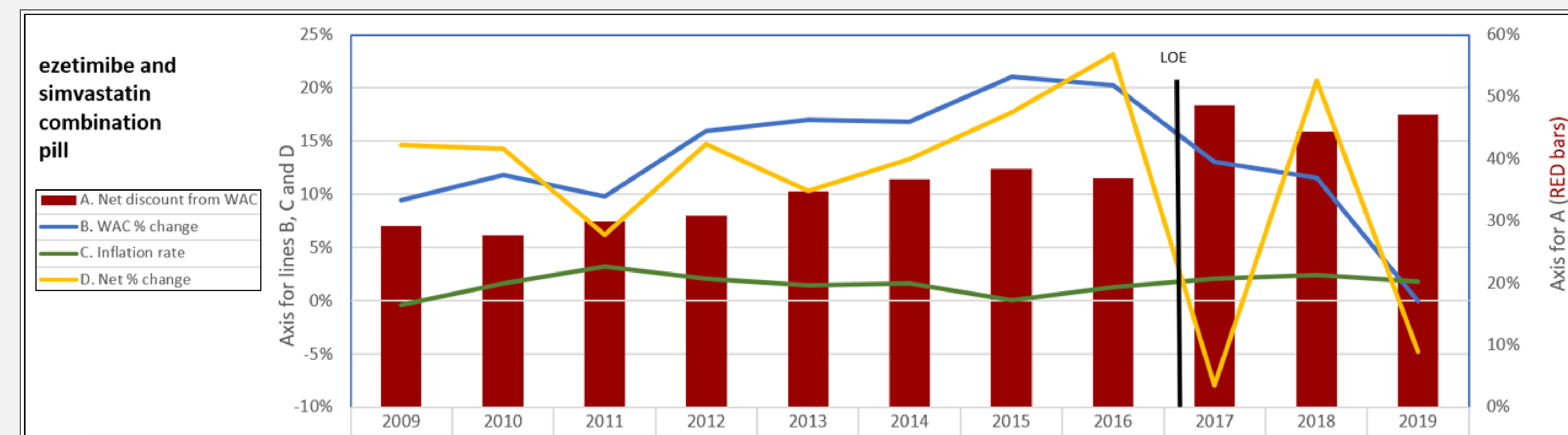
Protected Medicare Part D class facing lower competition



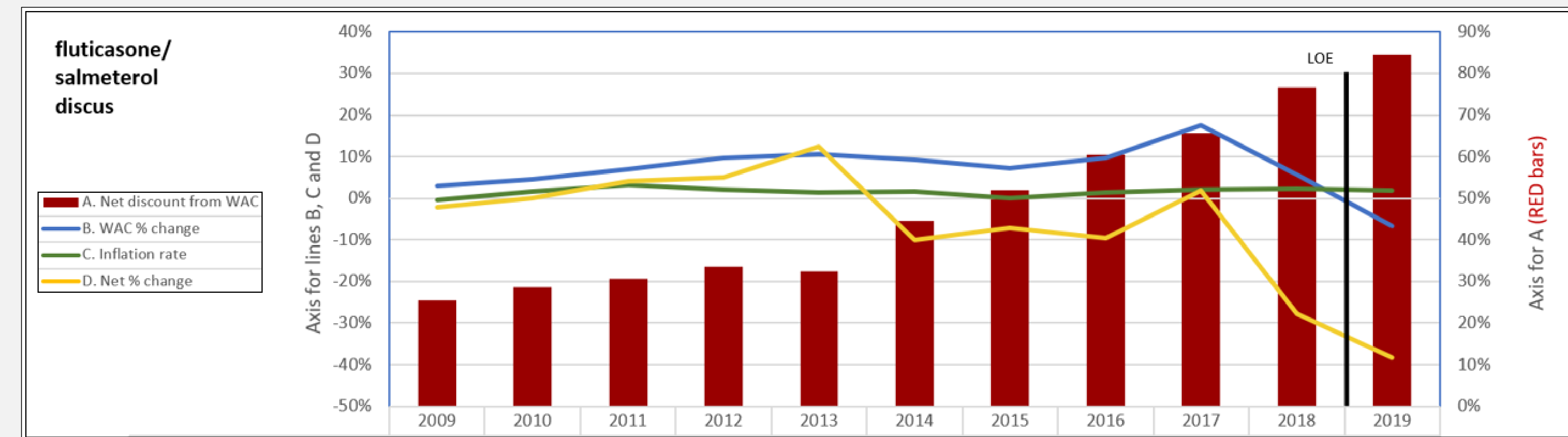
Protected Part D class facing higher competition



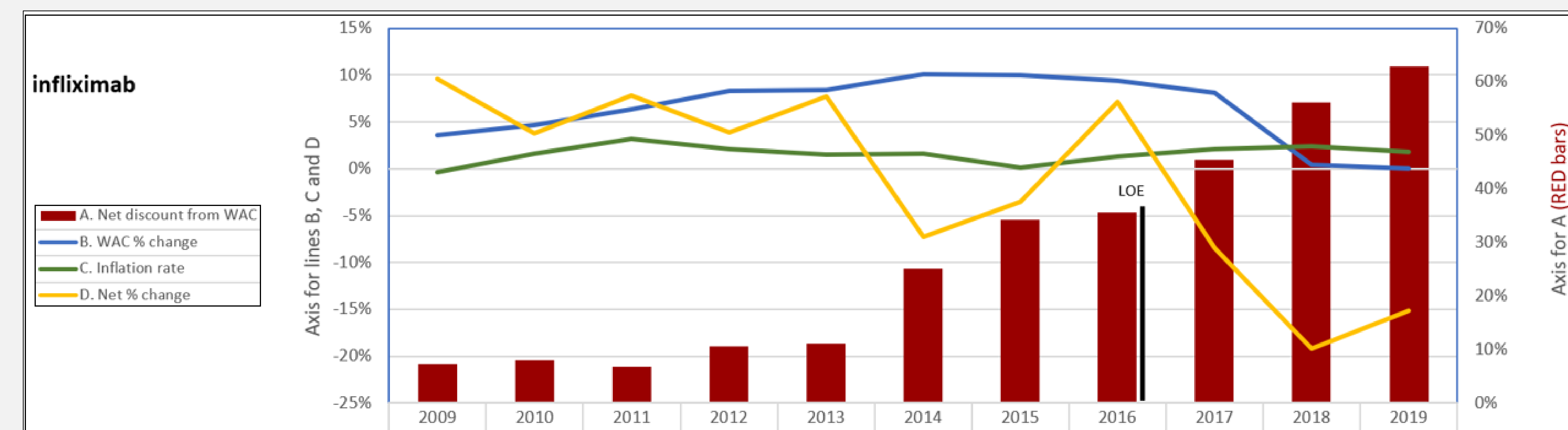
Non-protected Part D class facing lower competition



Non-protected Part D class facing higher competition



Specialty drug for which a biosimilar entered the US market



Specialty drug for which a biosimilar entered the US market

