



HOUSE ENERGY AND COMMERCE SUBCOMMITTEE ON HEALTH HEARING:
Examining the Drug Supply Chain

STATEMENT FOR THE RECORD SUBMITTED BY: Express Scripts, December 13, 2017

At Express Scripts, we believe in practicing pharmacy smarter. We put medicine within reach of tens of millions of people by aligning with our customers, taking bold action, and delivering patient-centered care to make better health more affordable and accessible.

Headquartered in St. Louis, Express Scripts is the nation's largest stand-alone pharmacy benefit manager (PBM). We manage drug benefits for more than 80 million Americans, including those in health plans, union-sponsored plans, state employee health plans, and public purchasers, including TRICARE, Medicare Part D, and Medicaid. Our services include providing network-pharmacy claims processing, home delivery pharmacy care, specialty pharmacy care, benefit-design consultation, drug utilization review, formulary management, and medical and drug data analysis services.

Express Scripts drives unique solutions to address rising prescription drug prices. As published in our [2016 Drug Trend Report](#)¹, the average list price for the most commonly used brand drugs increased 10.7 percent in 2017. Due to the tools that Express Scripts implemented in plans covering employees and their families, per-person spending last year on prescription drugs increased just 3.8 percent – 26.9 percent less than the 5.2 percent increase in 2015. Aligned with the best interests of our clients and patients, we are committed to doing whatever it takes to provide the best care and value.

One tool traditionally used by PBMs is negotiating rebates with brand manufacturers and leveraging formulary placement. Claims that PBMs benefit from higher drug prices are entirely false: plan sponsors decide how rebate dollars are directed, and they use rebates to lower premiums and cost sharing for patients in those plans. In fact, Express Scripts' clients receive 89 percent of the rebates the company negotiated with drug manufacturers. Express Scripts retains the rest in a fully transparent manner for doing our job to bring down drug costs.

Our job at Express Scripts is to make sure our patients, and our clients who provide them a pharmacy benefit, are getting medicines at the lowest net cost. The simple fact is that the manufacturer is solely responsible for setting the list price for a brand drug and for increasing that list price. Rebates do not raise drug prices. Drugmakers raise drug prices, and they alone can lower them.

Not all drugs are rebated, and yet brand manufacturers have raised the price on these drugs as well. For example, [list prices for oral oncology medications](#)², which are not rebated or discounted to any significant extent, have doubled between 2011 and 2016, from \$20 per unit to \$40 per unit. Looking at the 39 medications on the market in 2010, between 2010 and 2016:

- Six had 100 to 200 percent inflation;
- One had inflation greater than 300 percent;
- One had inflation greater than 800 percent.



Additionally, the following list of prescription drugs that receive **no rebate** have experienced significant price growth in 2017:

Drug Name	Indication	Manufacturer	2017 YTD Price Increase
BANZEL	Seizures	Eisai Inc.	24.2%
EFFEXOR XR	Depression	Pfizer Inc.	19.2%
FIRAZYR	Hereditary Angioedema	Shire US Inc.	9.0%
IMBRUVICA	Cancer	Janssen Pharmaceuticals Inc	8.4%
ISENTRESS	HIV	Merck & Co. Inc.	7.9%
LIPITOR	High Blood Cholesterol	Pfizer Inc.	18.2%
MENOPUR	Infertility	Ferring Pharmaceuticals	11.9%
ORKAMBI	Cystic Fibrosis	Vertex Pharmaceuticals Inc.	5.0%
PREZISTA	HIV	Janssen Pharmaceuticals Inc. / Johnson and Johnson	7.9%
PROGRAF	Transplant	Astellas Pharma US Inc.	14.2%
PULMOZYME	Cystic Fibrosis	Genentech, Inc.	7.0%
STRIBILD	HIV	Gilead Sciences Inc.	7.3%
TRIUMEQ	HIV	ViiV Healthcare	7.9%

Express Scripts supports policies that lower the price of prescription drugs by promoting competition in the marketplace and accelerating approval of generic drugs and biosimilar therapies. We are proud that our generic fill rate is more than 80 percent. Competition is the key to containing drug prices, and we look forward to working with the Committee on policies to achieve that goal.

Beyond rebates and formulary placement, Express Scripts has led the industry in developing value-based payment solutions in our SafeGuard Rx program that can further address high-cost specialty drugs. Mechanisms such as indication-based pricing, outcomes-based pricing, remote patient monitoring, and early discontinuation reimbursement lower costs for drugs treating diabetes, Multiple Sclerosis, certain cancers, inflammatory diseases, and pulmonary conditions. Value-based reimbursement programs are implemented more easily in commercial markets, and solutions to regulatory barriers in public programs are currently being explored.

Finally, Express Scripts is now offering innovative solutions for consumers and patients who experience high drug costs due to being either uninsured or insured under a high deductible plan. Inside Rx is a new, partially owned subsidiary that leverages Express Scripts' purchasing power to expand affordable access to brand and generic medications for patients in need. Largely focused on the uninsured, InsideRx provides significant discounts averaging 40 percent on 68 commonly used prescription medications at the point-of-sale, resulting in an average savings of \$81 per prescription.

Similarly, Express Scripts will be launching [SmartShare Rx](#)³ in January 2018, a point-of-sale rebate solution that plan sponsors may choose to provide to their members while they are in the deductible phase of their pharmacy benefit.



Express Scripts is also committed to improving drug price transparency for patients and doctors. Express Scripts has [partnered](#)⁴ with Surecripts to provide real-time information to physicians and patients at the time of prescribing through the patient's Electronic Health Record (EHR), including patient-specific cost sharing for that prescription drug. This information will allow patients to receive the most appropriate, cost-effective medication.

Thank you for the opportunity to share information on the market-based solutions Express Scripts has developed to address further prescription drug costs. We thank the Committee for addressing this complex but crucial topic for American patients and families, and we hope to continue to be a resource to the Committee in its work on the drug supply chain.

¹ <http://lab.express-scripts.com/lab/drug-trend-report>

² <http://lab.express-scripts.com/lab/insights/industry-updates/the-cost-of-hope-5-things-to-know-about-the-cost-of-cancer-drugs>

³ <http://lab.express-scripts.com/lab/insights/industry-updates/sharing-smarter>

⁴ <http://lab.express-scripts.com/lab/insights/drug-options/healthcare-connectivity-improves-healthcare-itself>