September 10, 2019

Mr. Richard Ashworth
President of Pharmacy
Walgreens
200 Wilmot Road, Suite 2244
Deerfield, IL 60015

Dear Mr. Ashworth:

Thank you for appearing before the Subcommittee on Health on Thursday, May 9, 2019 at the hearing entitled "Lowering Prescription Drug Prices: Deconstructing the Drug Supply Chain." We appreciate the time and effort you gave as a witness before the Subcommittee.

Pursuant to Rule 3 of the Committee on Energy and Commerce, members are permitted to submit additional questions to the witnesses for their responses, which will be included in the hearing record. Attached are questions directed to you from certain members of the Committee. In preparing your answers to these questions, please address your responses to the member who has submitted the questions using the Word document provided with this letter.

To facilitate the publication of the hearing record, please submit your responses to these questions by no later than the close of business on Friday, August 9, 2019. As previously noted, this transmittal letter and your responses will be included in the hearing record. Your written response should be transmitted by e-mail in the Word document provided with this letter to Josh Krantz, Policy Analyst with the Committee, at josh.krantz@mail.house.gov. You do not need to send a paper copy of your responses to the Committee. Using the Word document provided for submitting your responses will also help maintain the proper format for incorporating your answers into the hearing record.

Thank you for your prompt attention to this request. If you need additional information or have other questions, please have your staff contact Mr. Krantz at (202) 225-5056.

Sincerely,

Frank Pallone, Jr.
Chairman

Attachments

cc: Hon. Greg Walden, Ranking Member
Committee on Energy and Commerce

Hon. Anna G. Eshoo, Chairwoman
Subcommittee on Health

Hon. Michael C. Burgess, Ranking Member
Subcommittee on Health

Attachments—Additional Questions for the Record

Subcommittee on Health
Hearing on
"Lowering Prescription Drug Prices: Deconstructing the Drug Supply Chain"
May 9, 2019

Richard Ashworth

The Honorable Michael C. Burgess, M.D.

1. Something I find particularly concerning about our drug supply chain is the possibility of drug shortages. These can occur because of natural disasters, manufacturing issues, or business decisions. What are each of your respective companies doing to prevent drug shortages?

Walgreens keeps our patients' health and well-being at the forefront of dealing with drug shortages. Under such circumstances, we work with our manufacturer and supplier partners to directly communicate as to the incidence, nature and breadth of any pending drug shortage and ways to initiate rapid reaction and mitigation strategies.

Walgreens utilizes our extensive network of stores to balance inventory and better mitigate supply issues from region to region. This involves frequent communication between our local and central teams, inventory coordination, and travel and distribution logistics to ensure timely arrival and availability of product. We also work closely and proactively with our patients and their physicians to create mitigation plans and recommend alternatives to help prevent any interruption in therapy.

The recent shortage for Angiotensin II Receptor Blockers (ARBs) to treat high blood pressure made this scenario all-too-real for our patients, and it presented an increasingly difficult challenge as more and more ARB lots became affected as well as other alternative therapies. We successfully explored and activated all available secondary sources to maximize our ARB supply, and we helped our patient's continue on their therapy without interruption.

Additionally, the potential for vaccine shortages is an ever-present challenge, as disease prevention and outbreak management create urgency. As part of our regular forecasting and planning, Walgreens utilizes logistics, surveillance and data to more accurately distribute product to areas where the potential for shortages are greatest.

The Honorable John Shimkus

1. Given that most of the witnesses on the panel have referenced the role of creating value in the health care supply chain, please comment on: Existing areas where Congress or the Administration may have needlessly added to the cost that patients or the government pays for a particular product, service, or intervention. For example, do you have recommendations on how reforms to existing laws like Stark and the Anti-Kickback Statute could accelerate value-based contracting within Medicare and Medicare Advantage?

The U.S. healthcare system is transforming from one that incentivizes volume to an integrated system focused on value. Addressing barriers to this transformation requires far more work than simply re-ordering the way we pay for and deliver care. Alternative value arrangements and other activities that improve outcomes and save money should be encouraged by eliminating barriers.

The Anti-Kickback Statute (AKS) and the Physician Self-Referral or "Stark Law" should be examined by Congress with the goal of removing or reforming barriers to allow for new and innovative patient-centered value arrangements that can deliver on the promise of improved outcomes and cost savings, while also protecting against fraud. We welcome the opportunity to work with the Subcommittee on specific reforms in these areas.

2. How do we ensure that these value-based reforms benefit patients and protect taxpayers?

From the perspective of a pharmacy and healthcare company, Walgreens believes to truly change the current system, patient-level information related to pricing must be absolutely transparent, democratized and open source. This concept can be best envisioned through the complete restructuring of the pharmacy claims process to make it more transparent and non-monetized.

This can be achieved with the creation of open-source drug benefit design standards to establish a digital gateway that gives patients, prescribers and pharmacists a faster and easier way to search and compare drug prices, as well as provide key benefit design information (e.g., therapeutic alternatives) at the individual patient level. An open-source benefit design would encourage the private sector to bring innovation and rapid adoption of digital engagement to the government market. Additionally, it would ensure price and benefit data are shared across the patient's care team with easier, open access—versus how it is currently with data closely held and managed by health plans and PBMs as proprietary. Finally, a standardized open-source benefit design would ensure patient privacy is protected under the existing framework of HIPAA.

The Honorable Gus M. Bilirakis

1. In your experience, what are the major disruptors to medication adherence?

The simple answer is cost. Out-of-pocket prescription drug cost is a key predictor of medication adherence. According to a recent IQVIA study, patients abandoned 21 percent of all prescriptions for branded drugs processed by pharmacies in the United States in the fourth quarter of 2017.[1] Another often-cited study found that prescriptions with copayments between $40 and $50 and those greater than $50 were almost 3.5 times to nearly 5 times more likely, respectively, to be abandoned by patients than prescriptions without copayments.[2] Finally, a study conducted by Walgreens found that patient OOP cost is the most significant predictor of abandonment and primary medication non-adherence.[3] Specifically, the study found the abandonment rate for Zostavax increased when copays were above $15, and increased substantially when copays were above $50.[4]

Medication non-adherence is a widespread problem among Americans taking prescription medications, and is a growing concern because of mounting evidence of its prevalence and association with adverse outcomes and higher costs of care. Up to one-half of the 187 million Americans taking prescription drugs do not take their medications as prescribed.[5] According to a study by the Network for Excellence in Health Innovation (NEHI), the costs of medication non-adherence are enormous, estimated at nearly $300 billion annually.[6] Medication non-adherence costs over $100 billion a year in excess hospitalizations; non-adherent diabetes and heart disease patients have significantly higher mortality rates; approximately 90,000 hypertensive patients die prematurely every year because of poor medication adherence; and 25 percent of all emergency room visits are the result of non-adherent asthma patients.[7]

As the Subcommittee on Health examines ways to lower drug prices and increase transparency, it should give great weight to the dynamic effects that medication adherence

[1] IQVIA Institute for Human Data Science, *Medicine Use and Spending in the U.S.: A Review of 2017 and Outlook to 2022*, April 2018.
[2] Shrank WH, Choudhry NK, Fischer MA, Avorn J, Powell M, Schneeweiss S, et al. The Epidemiology of Prescriptions Abandoned at the Pharmacy. Ann Intern Med. 2010.
[3] Akinbosoye OE, Taitel MS, Grana J, and Macpherson C. Factors Associated with Zostavax Abandonment. Am J Pharm Benefits. 2016.
[4] Ibid. Patient abandonment was 1.66 times higher at copay levels between $15-$34.99, and 3.27 times higher at copay levels between $50-$64.99.
[5] National Council on Patient Information and Education. "Accelerating Progress in Prescription Medicine Adherence: The Adherence Action Agenda. A National Action Plan to Address America's 'Other Drug Problem.'" October 2013.
[6] Network for Excellence in Health Innovation, "Bend the Curve: A Health Care Leader's Guide to High Value Health Care." 2011.
[7] Ibid.

has across the health care system for both patients and spending. Walgreens stands ready to assist in this effort with the medication and healthcare expertise that only a company like ours can possess.