

June 30, 2021

The Honorable Ron Wyden
Chairman
Senate Committee on Finance
221 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Mike Crapo
Ranking Member
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

Re: Patient-Centered Drug Pricing Policies for Autoimmune Patients

Dear Chairman Wyden and Ranking Member Crapo:

On behalf of the estimated 50 million Americans with autoimmune and immune-mediated diseases, the American Autoimmune Related Diseases Association (AARDA) and the additional undersigned organizations write to you regarding the vital work being done in Congress to address issues relevant to patient access to care and drug affordability. The COVID-19 pandemic has brought to light health inequities across the country and world, and individuals living with autoimmune disease have experienced significant challenges. Serious illness, job loss, financial difficulties, obstacles to accessing health care, and, too often- death, has affected individuals and families living with autoimmune disease. As we work to build back from the pandemic, we welcome an opportunity to collaborate on public policy solutions that bring savings to individuals at the pharmacy counter and protect critical access to treatment.

AARDA is dedicated to the eradication of autoimmune diseases and the alleviation of suffering and the socioeconomic impact of autoimmunity. AARDA is the only national nonprofit organization dedicated to bringing a national focus to autoimmune diseases, which are a major cause of serious and chronic health conditions for millions of individuals. AARDA is also the founder and facilitator of the National Coalition of Autoimmune Patient Groups (NCAPG), a coalition of over 50 organizations representing numerous autoimmune diseases.

Autoimmune and immune-mediated diseases are lifetime afflictions- there are no cures and they are among the leading causes of disability in this country. Individuals and families living with these diseases depend on many of the medicines that will be impacted by the drug pricing policies set forward recently in Congress. Below we outline the some of the proposed policy issues and how they impact patients with chronic diseases, especially those with autoimmune diseases, and we point to policy solutions that could immediately address affordability for patients at the pharmacy counter.

Concerns with Foreign Reference Pricing

Quality Adjusted Life Years (QALY) Are Inherently Discriminatory and Restrict and Deny Patients with Disabilities and Chronic Illness Access to Medicines

In the last year, multiple policy proposals that have included using other countries' drug prices to set a benchmark price for therapies have been introduced to address drug costs. In each of these proposals, countries included in the reference pricing utilize the QALY, a measure used by countries, health systems, insurance companies, and health economists to measure disease burden by quantity and quality. Most recently, H.R. 3 as introduced in the House, would use a foreign reference price methodology to set drug prices to a maximum fair price (MFP) and would be tied to countries that use the QALY metric.

As the National Council on Disability recently stated regarding the QALY "...it's use in the US would result in rationing care to seniors and people with disabilities"¹. Using a formula that discriminates against any one group, not to mention many groups that include the most vulnerable among us, is more than concerning- it is a non-starter. Patients and their clinicians should be making decisions about the right course of treatment at all times.

Restricting Access to Vital Medicines Now and Lack of Future Cures

In addition to QALYs, we have strong concerns that foreign reference pricing will cause significant access delays or even permanent disruption to life-saving treatment currently and in development within the U.S. drug and innovation pipeline. It is estimated that millions of Americans with autoimmune disease have no current FDA-approved therapy. As the Congressional Budget Office stated in their review of H.R. 3, approximately 8 fewer drugs would be introduced to the market over the next decade and about 30 fewer drugs over subsequent years² if H.R. 3 foreign reference prices were enacted. Other reports estimate the number could be significantly higher³ for the significant number of medicines in development for individuals living with an autoimmune disease that could be destabilized if a policy like foreign reference pricing was enacted. Many living with an autoimmune disease seek hope that a medicine in the current pipeline could bring relief, and the idea that it could disappear is beyond frightening- it is cruel. Below we have highlighted patient-focused policy solutions that would immediately impact drug affordability for patients.

Patient Focused Policy Solutions

Counting Copay Assistance Toward Deductible, and Instituting Out-of-Pocket Caps

As cost-sharing payment distribution continues to rely more heavily on prescription deductibles and coinsurance⁴, out-of-pocket costs for patients rise, increasing the need for relief. In a recent survey conducted by AARDA with autoimmune disease, 92% of patients say that prescription drug out-of-pocket costs are too high and that copay assistance allows them to access medication they couldn't previously afford⁵. Protecting copay assistance inasmuch as it can continue to count toward the deductible brings savings to patients immediately. Additionally, instituting cost-sharing caps at a federal level to cap the amount a patient must pay out of pocket for a medication would also ensure direct savings to patients. These policies ensure immediate savings for patients at the pharmacy counter, and address affordability during a time when patients living with autoimmune disease need it the most.

Ensuring Discounts Go Directly to the Patient; Addressing Rebates and Pharmacy Benefit Managers

Patients have, by and large, not seen tangible benefits from the negotiations of commercial health plans and pharmacy benefit managers (PBMs). In fact, research has shown that PBMs are retaining up to 40 percent⁶ of rebate dollars to enhance their own revenues and, because negotiated rebates are often based on a percentage of a drug's list price, PBMs are incentivized to give formulary preference to higher-

¹ NCD Letter to House Committees with Concerns Regarding H.R. 3, <https://ncd.gov/publications/2021/ncd-letter-house-committees-concerns-regarding-hr-3>

² Research and Development in the Pharmaceutical Industry, Congressional Budget Office. April 2021 https://www.cbo.gov/publication/57126#_idTextAnchor000

³ Government Scorekeepers Likely Underestimate the Impact of Lower Drug Costs Now Act (H.R. 3) on Investment in Innovative Medicines <https://www.crai.com/insights-events/publications/government-scorekeepers-likely-underestimate-the-impact-of-lower-drug-costs-now-act-h-r-3-on-investment-in-innovative-medicines/>

⁴ KFF analysis of IBM MarketScan Commercial Claims and Encounters Database, 2004-2018

⁵ AARDA Patient Copay Assistance Survey, Sept 2020, https://www.aarda.org/wp-content/uploads/2020/09/AARDA-Survey-One-Pager_final.pdf

⁶ Pharmacy Benefit Managers: Can They Return to Their Client-Centered Origins? Altarum Healthcare Value Hub, Research Brief No. 23, Jan. 2018 https://www.healthcarevaluehub.org/application/files/1315/6375/5073/RB_23_-_Pharmacy_Benefit_Managers.pdf

priced pharmaceuticals. This hurts patients because, in many cases, copays and out-of-pocket costs are based on a drug's list price.

Patient-centered public policy will require mandated transparency for PBM operations, so public and private payers and consumers can fully understand how negotiated discounts are being disbursed. As well, we fully support efforts to ensure that those rebates and discounts, minus appropriate fees for PBM services, are alleviating cost burdens for patients at the pharmacy counter.

Let's work together to find solutions to patient access and affordability, innovation, and continuing to secure tomorrow's cures today by investing in the promising pipeline that have already delivered many vital drugs to patients living with autoimmune disease. AARDA and the undersigned organizations deeply appreciate the hard work you have undertaken to address issues of drug affordability.

Please contact Brett McReynolds, AARDA VP of Policy, at bmcreeynolds@aarda.org. We look forward to continue working together to advance patient-centered policies that address affordability and access.

Sincerely,

ACCSES

Advocacy & Awareness for Immune Disorders Association (AIDA)

Advocates for Responsible Care(ARxC)

Aimed Alliance

Allies for Independence

American Academy of Allergy, Asthma & Immunology

American Association of Clinical Urologists

American Autoimmune Related Diseases Association

American Behcet's Disease Association (ABDA)

Applied Pharmacy Solutions

APS Foundation of America, Inc

Arthritis Foundation

Asthma and Allergy Foundation of America

Axis Advocacy

Born a Hero, Research Foundation

Breast Cancer Resource Center

California Access Coalition

Caregiver Action Network

Children with Diabetes

Chronic Care Policy Alliance

Color of Crohn's and Chronic Illness

CURED Nfp

Dysautonomia International

Fabry Support & Information Group

Foundation for Sarcoidosis Research

Global Healthy Living Foundation

Global Liver Institute

Good Days

ICAN, International Cancer Advocacy Network

International Pain Foundation

International Pemphigus Pemphigoid Foundation

Lupus Foundation of America

Male Breast Cancer Coalition

Multiple Sclerosis Foundation

National Alopecia Areata Foundation

National Infusion Center Association (NICA)

National Organization of Rheumatology Management

National Psoriasis Foundation

Neuropathy Action Foundation

Nevada Chronic Care Collaborative

PANDAS Network

Partnership to Fight Chronic Disease

Patients Rising Now

Rheumatology Nurses Society

Scleroderma Foundation

Siegel Rare Neuroimmune Association

Sjögren's Foundation

Spondylitis Association of America

The National Adrenal Diseases Foundation (NADF)

Triage Cancer

Vasculitis Foundation

wAIHA Warriors

Whistleblowers of America

