

Background Information

The American Academy of Neurology (AAN) is a professional association of more than 34,000 neurologists and neuroscience professionals dedicated to providing the best possible care for patients with neurologic conditions including Alzheimer's disease, Parkinson's disease, stroke, epilepsy, ALS, multiple sclerosis, traumatic brain injury, and headache. One in six people live with a brain or nervous system condition and the annual cost of treating neurologic disorders in the United States is more than \$500 billion. As state and federal policymakers consider new ways to address the rising costs of prescription drugs, it is important for the AAN to establish an official position on the issue to advocate effectively for its members.

Description of Issue

Prescription drug prices are high and continue to increase, which is concerning for patients, prescribers, payers, and policymakers. Between 2013 and 2015, spending on prescription drugs increased by 20 percent in the United States¹ with nearly 50 percent of Americans using at least one prescription drug in a given month.² Drugs that treat complex, chronic conditions like Parkinson's disease, epilepsy, and migraine, and specialty drugs which may require special handling or administration, such as those used for multiple sclerosis, are particularly expensive. Spending on specialty medications has increased by \$54 billion since 2011 and now accounts for more than 70 percent of all prescription spending growth.³ Two multiple sclerosis medications, Copaxone and Tecfidera, accounted for \$1.9 billion in Medicare Part D catastrophic coverage in 2015 with an average monthly price of \$5,600 each. This reflects an 84 percent increase in the price of Copaxone from 2010 to 2015.⁴ These prices directly impact patients and their treating providers as they work together to treat neurologic illness.

There are three distinct cost challenges. Each are quite different and will require different solutions: 1) massive increase in the pricing of previously low-cost generic drugs used to treat common disorders without obvious increases in cost of production or distribution; 2) massive increase in the pricing for high-priced generic and brand name drugs used to treat serious disorders that are not protected by the Orphan Drug Act; 3) the high cost of new medications used to treat rare disorders as defined by the Orphan Drug Act, understanding the economic factors involved in rare-disease drug development.

The AAN Position

Action must be taken to ensure that prescription medications are accessible for patients with complex, chronic neurologic conditions. Potential solutions should be affordable, simple, and transparent.⁵ Cost-containment efforts must also address the burden on the entire health care system as high prescription drug prices may be shifted and absorbed in ways that negatively impact patient and prescriber access to important medications.

Areas of Support

Price Negotiation

The AAN supports proposals that would give federal agencies the authority to negotiate contracts with manufacturers of covered Part D drugs. Price negotiation would allow the government to leverage its purchasing power in an effort to obtain prescription drugs at a lower price, bringing savings to the health care system and consumers. The AAN would especially support proposals that increase competition among drug manufacturers and ultimately promote access to more affordable medications.

Transparency

The AAN supports proposals that promote transparency in prescription drug pricing. Disclosure of pricing information, including how drugs are priced, the prices paid by insurers, and the prices paid by consumers, would provide important information that could lower costs for patients and for the entire health care system. Recent efforts by Johnson & Johnson⁶ and Merck⁷ to disclose pricing practices model the type of transparency that could bring down costs across the industry.

The AAN would also support proposals that prohibit direct-to-consumer advertising of prescription drugs, as passed by the American Medical Association House of Delegates.⁸

Importation

The AAN supports proposals that allow for the reimportation of the same high quality prescription drugs from Canada when prices for those prescriptions are less expensive than in the United States. Many specialty drugs are priced significantly higher in the United States than in other countries. The average monthly price of Copaxone is 287 percent greater in the United States than in Switzerland.⁹ While recent Congressional proposals on reimportation were defeated¹⁰, it is important to continue considering this opportunity as a cost control measure.

Rationale

Neurologists seek to provide high-value care for patients with neurological disease at the lowest cost possible. This is specifically of interest as neurologists aim to reduce their resource use as part of the Quality Payment Program, or MACRA. However, many therapies for neurological disease are among the most expensive in the United States. Neurologists are also limited by few, if any therapies available in a particular class of medications. For example, the recently approved therapies for Duchenne Muscular Dystrophy and Spinal Muscular Atrophy are expected to cost \$500,000 and \$750,000 in the first year of treatment, respectively.¹¹ Given the limited options to seek less expensive therapies in clinic, mechanisms are needed to reduce the cost of these important medications, or support methods of paying for the treatment of these disorders outside the standard reimbursement process. Such cost reductions will improve the quality of life for many patients with neurologic disease.

Position Statement History

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