Milena Sullivan, Megan Olsen | May 18, 2018

Trump Administration Releases Drug Pricing Blueprint /

The Department of Health and Human Services is seeking public input on a variety of proposals related to drug costs, providing stakeholders with an unprecedented opportunity to shape the administration's drug pricing policies.

On May 11, the administration released "American Patients First: The Trump Administration Blueprint to Lower Drug Prices and Reduce Out-of-Pocket Costs." The blueprint highlights 4 key reform goals the administration may pursue to address the high cost of prescription drugs in the US: (1) improved competition, (2) better negotiation, (3) lower list prices, and (4) reduced out-of-pocket (OOP) costs. On May 14, HHS released a complementary request for information (RFI) soliciting input across the 4 priority areas.

The administration is approaching the issue of drug costs from a variety of angles, leveraging existing regulatory authority to advance smaller and more targeted changes in the near-term, while teeing up larger system reforms that may require future rulemaking or legislative action. HHS has opened a comment period through July 16 to allow stakeholder input on a series of complex operational and strategic issues and inform the agency's next steps.

For example, the administration seeks feedback across select policy areas:

1. **Improved Competition**
    *   How existing government programs and price reporting requirements (e.g., the Best Price reporting program under the Medicaid Drug Rebate Program) may affect market incentives and the ability to implement certain value-based arrangements

2. **Better Negotiation**
   - Options to introduce additional management and competition under the Part B benefit by leveraging the existing authority under the suspended Competitive Acquisition Program (CAP) and/or by transitioning some products from the Part B program into Part D. HHS is seeking feedback on a host of operational and policy design questions, as well as on potential impact on providers and beneficiaries

3. **Lower List Prices**
   - Implications associated with the incentives under the current rebating system. HHS seeks input on potential restrictions around rebate use, including whether Medicare Part D should prohibit the use of rebates in contracts between Part D plan sponsors and drug manufacturers, or how regulatory changes (such as removing the Anti-Kickback Statute's discount safe harbor provision) could reshape pricing incentives; and

4. **Reduced OOP Costs**
   - Opportunities and considerations in leveraging tools and practices currently used by plans and PBMs to communicate with prescribers on formulary options, cost-sharing, and lower-cost alternatives for patients in the Medicare program.

Outside of specific policy areas, HHS is also requesting input on the general structure and function of the pharmaceutical market. The broad nature of the RFI presents an important opportunity for stakeholders to engage on these topics and inform the administration's strategy moving forward. In particular, the administration's proposals present a host of operational and political considerations, and may impact stakeholders differently.

For more information on drug pricing policy proposals, connect with us.