



## **DOSE OF REALITY: BIG PHARMA'S PRICING PRACTICES DRIVE CRISIS OF AFFORDABILITY FOR AMERICA'S CANCER PATIENTS**

*Drug Companies Repeatedly Hike Prices and Set Out-of-Control Launch Prices on Oncology Medications*

### **THE PROBLEM: A CRISIS OF AFFORDABILITY**

The out-of-control prices set by Big Pharma on prescription drugs used to treat cancer have created a crisis of affordability — and placed breakthrough treatments out-of-reach for too many American patients. Patients and families should never have to face heart-wrenching choices between paying for their cancer treatment or for necessities like rent or groceries.

**Nearly Two-Thirds Of Cancer Patients Experience Financial Hardship:** “Price tags of life-saving treatments are continuing to increase, with nearly \$150 billion being spent nationally per year for cancer care, four times more than treatment for other common health conditions, according to a report from The Mesothelioma Center. Sixty-three percent of cancer patients faced financial struggles following a cancer diagnosis. Cancer treatment costs were reported highest among preventable cancers such as lung cancer, colorectal cancer, breast cancer, and mesothelioma. Specifically, the lifetime cost of lung cancer was an estimated \$282,000 while mesothelioma was a reported \$150,000.” (“Cost of Cancer Care Reaches Nearly \$150B Nationally,” [Healthpayer Intelligence](#), January 15, 2020, Samantha McGrail)



**As Drug Costs Soar, People Delay Or Skip Cancer Treatments**



**Financial Burden of Cancer Treatments Prices Some Out Completely**

**As Many as One in Four Cancer Patients Skip Doses Because of Cost:** “One-quarter of all cancer patients chose not to fill a prescription due to cost, according to a 2013 study in *The Oncologist*. And about 20 percent filled only part of a prescription or took less than the prescribed amount. Given that more than 1.6 million Americans are likely to be diagnosed with cancer this year, that suggests 168,000 to 405,000 ration their own prescription use.” (“As Drug Costs Soar, People Delay Or Skip Cancer Treatments,” [NPR](#), March 15, 2017, Liz Szabo)

**Drug Costs as High as \$100,000 Per Month Price Patients Out of Care:** “According to the findings of the study, ‘The High Cost of Cancer Treatment,’ the latest cancer therapies are extending the lives of cancer patients, but that not all Americans can benefit because some cannot afford the treatments. ‘As cancer survival rates rise, so do the price tags of life-saving treatments,’ the report said. ‘Monthly drugs costs may reach \$100,000, causing many Americans to struggle with the physical and emotional effects of high out-of-pocket medical costs. Even worse, others are completely priced out of the hope for a cure.’” (“The Financial Burden of Cancer Treatments Prices Some Out Completely,” [BenefitsPro](#), January 24, 2020, Scott Wooldridge)



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### **THE CAUSE: BIG PHARMA'S PRICE HIKES AND SKY-HIGH LAUNCH PRICES**

The root causes of the affordability crisis for cancer drugs are the egregious pricing practices of brand name drug companies, including repeated price hikes on existing treatments and sky-high launch prices on new medications being introduced to the market.

#### **Modern Healthcare**

**Two Blockbuster Cancer Drugs  
See New Year Price Hikes**



**Cancer Drug Spending Doubled in  
Last Five Years, Report Says**

**Prices on 54 Cancer Drugs Increased 40 Percent Over Eight Years:** “The affordability problem is worsened by soaring list prices for many specialty drugs used to treat cancer and other serious diseases... For instance, prices for 54 orally administered cancer drugs shot up 40 percent from 2010 to 2018, averaging \$167,904 for one year of treatment, according to a 2019 JAMA study. Bristol Myers Squibb, the manufacturer of Clark’s drug, Pomalyst, has raised the price 75 percent since it was approved in 2013, to about \$237,000 a year.” (“Seniors Face Crushing Drug Costs as Congress Stalls on Capping Medicare Out-Of-Pockets,” [Kaiser Health News](#), January 4, 2021, Harris Meyer)

**Cancer Drug Price Hikes Outpace Inflation:** “The cost of oral cancer drugs increased by almost six percent over inflation from 2010 to 2018, leading to increases in out-of-pocket costs for Medicare patients despite reductions in the Part D coverage gap, according to an analysis of formulary and pricing data.” (“Costs of Oral Cancer Drugs Rising Faster than Inflation,” [MDedge](#), May 28, 2019, Richard Franki)

**List Prices for New Cancer Drugs Rose More Than 50 Percent in Five Years:** “It wasn’t all that long ago that a six-figure price on a debut cancer drug was big news. Now, it would be more surprising if an oncology launch didn’t carry a price tag of \$100,000 or more—and the high cost of those new rollouts is helping drive cancer treatment costs toward \$100 billion annually in the U.S. alone. According to a new IQVIA report, U.S. cancer drug spending climbed to almost \$50 billion last year, about twice the \$24.8 billion spent in 2012. Along the way, median U.S. prices for new therapies climbed above \$160,000 last year, more than double the median \$79,000 launch price in 2013.” (“Super-Pricey New Cancer Drugs Drive Mega Increases in Treatment Spending,” [FiercePharma](#), May 24, 2018, Eric Sagonowsky)

**Every New Cancer Drug Brought To Market In 2017 Cost \$100,000 Or More:** “Spending on cancer drugs has doubled over the past five years, and little wonder: Every new cancer drug brought to market last year cost \$100,000 or more, according to a new report. The average cost of a new drug released in 2017 was \$150,000, according to the report from The IQVIA Institute for Human Data Science, formerly IMS Health and Quintiles. Those drug costs are expected to double again by 2022, the report finds. That compares to the average \$79,000 cost of new cancer drugs that hit the market in 2013.” (“Cancer Drug Spending Doubled In Last 5 Years, Report Says,” [NBC News](#), May 24, 2018, Maggie Fox)

**Drug Companies’ Price Hikes Costing Patients and Taxpayers:** “Drugmakers raised prices on more than 400 drugs in the early days of 2020, including two blockbuster cancer treatments that have been top-expenditure drugs in Medicare Part B, according to healthcare analysts and CMS data... Two of the 10 physician-administered drugs that Medicare spent the



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most money on in 2018 have seen price increases this January, healthcare research firm 3 Axis Advisors found... Merck instituted a price increase of 1.5 percent for Keytruda, the second-highest expenditure Medicare Part B drug in 2018. Bristol-Myers Squibb increased the price for Opdivo, a drug used to treat small cell lung cancer, by 1.5 percent. Opdivo was the third-highest Part B expenditure drug in 2018.” (“Two Blockbuster Cancer Drugs see New Year Price Hikes,” [Modern Healthcare](#), January 3, 2020, Rachel Cohrs)

### Breaking Down Big Pharma’s Pricing of Blockbuster Cancer Drugs

#### Imbruvica

- Imbruvica is a cancer treatment co-developed by AbbVie and Johnson & Johnson. In 2019, the drug [brought](#) in \$5.69 billion in sales.
- AbbVie [hiked](#) the price of Imbruvica 7.4 percent during the COVID-19 pandemic.
- A study from Kaiser Family Foundation found that the price of Imbruvica [jumped](#) 19.7 percent between 2018 and 2019, an increase greater than 10 times the rate of inflation.
- A 2020 report from I-MAK [found](#) that AbbVie has filed for at least 165 patents on Imbruvica, which would give the company a total of 29 years of commercial exclusivity on the product.

#### Ibrance

- When Pfizer launched Ibrance in 2015, the cost for one month of treatment was set at \$9,850 – which some Pfizer executives [thought](#) was too low at the time.
- Pfizer [hiked](#) the price of Ibrance five percent to start out 2021. This [followed](#) five percent price hikes in both 2020 and 2019 as well.
- Pfizer [posted](#) a whopping \$4.9 billion in sales of Ibrance in 2019. In 2018, Pfizer [hit](#) \$2.9 billion in sales of the drug in the U.S. market alone.

#### Revlimid

- Since launching in 2005, Celgene [raised](#) the price of Revlimid 22 times, from \$215 per pill to \$719 per pill.
- After Bristol Myers-Squibb acquired the rights to Revlimid in 2019, it [raised](#) the price of Revlimid again, to \$763 per pill, or \$16,023 for a monthly course of treatment.
- BMS hiked the price of Revlimid by 4.5 percent to start out the year. This followed a six percent price hike at the start of 2020.
- During a 2020 U.S. House Committee on Oversight and Reform hearing, lawmakers [found](#) that Celgene’s executive payment system incentivized price hikes on Revlimid, among other drugs.



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### **THE KICKER: PRICES RISE WHILE VALUE LAGS**

Big Pharma's price increases are not connected to increases in clinical value. That is the consensus of multiple studies that find drug companies price hikes on cancer products in their portfolios are unjustified and carry little to no connection to clinical improvements.

**Big Pharma's Prices Have "No Association" With Clinical Benefit:** "The cost of cancer drugs continues to escalate with each new product that comes on the market, often presenting formidable challenges to both patients and healthcare systems. But a new analysis suggests these high costs cannot be justified with respect to clinical benefit. The analysis considered 65 oncology drugs launched in the past decade and found no association between clinical benefit and monthly treatment cost... 'Prices of cancer drugs should be better aligned with their clinical benefit to improve access to beneficial medicines and enable limited resources to be used for treatments that offer patients improved outcomes,' said lead author Kerstin Noëlle." ("High Cost Of Cancer Drugs Does Not Reflect Clinical Benefit," [Medscape](#), May 13, 2020, Roxanne Nelson)

STAT

**What Value? Costs For Dozens of  
Cancer Drugs Aren't Tied To Better  
Clinical Benefits**



**As Cancer Drug Prices Climb,  
Value Not Keeping Pace**

**Cancer Drug Pricing "Not Aligned With the Actual Benefit:"** "A new analysis found that costs for dozens of cancer drugs in the U.S. were 2.3 times higher than in four wealthy European nations. And at the same time, there was generally no association between the clinical benefits of the drugs and the monthly treatment costs in most of the countries. In other words, pricing was not aligned with the actual benefit." ("What Value? Costs For Dozens of Cancer Drugs Aren't Tied To Better Clinical Benefits," [STAT News](#), April 30, 2020, Ed Silverman)

**Price Increases on Cancer Medications Outpacing Value:** "The cost of new anti-cancer drugs increased more than five-fold from 2006 to 2015, but a new analysis suggests that cancer patients and insurers may be getting less for their money. Anticancer medications account for the lion's share of global drug spending, and the average price per month of these drugs is known to have more than doubled in recent years, Dr. Kelvin Chan of Sunnybrook Health Sciences Centre in Toronto and colleagues note in the Journal of Oncology Practice." ("As Cancer Drug Prices Climb, Value Not Keeping Pace," [Reuters](#), April 12, 2018, Anne Harding)

**About CSRxP:** The [Campaign for Sustainable Rx Pricing](#) is a broad-based coalition of physicians, nurses, hospitals, consumers, health plans, pharmacy benefit managers, pharmacists, and businesses promoting bipartisan, market-based solutions to lower drug prices. Learn more: [www.csrpxp.org](http://www.csrpxp.org)

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