

PRESS STATEMENT

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Spokesman:
Ralph G. Neas, President and C.E.O.

National Coalition on Health Care Statement Commending AEI's Release of Overspending on Multi-Source Drugs in Medicaid by Alex Brill

In applauding a report released today by the American Enterprise Institute (AEI) (<http://www.aei.org/paper/100127>), Ralph G. Neas, President and CEO of the National Coalition on Health Care, noted that prescription drug costs have outpaced all other categories of health care spending, rising rapidly throughout the late 1990s and early 2000s. This working paper provides a solid basis for starting a much needed national dialogue about how best to address increasing drug costs not only in Medicaid but also in other parts of our health system, he said. With the rate of growth in spending on prescription drugs projected to exceed spending on hospital care and all other professional services in 2010 and through 2019, it is critical that wasteful and unnecessary expenditures on costly brand name products be addressed by all stakeholders and system wide, starting with the cash strapped Medicaid program.

“Rising pharmaceutical costs, the aging population, and increased use of costly specialty drugs makes containing drug-related spending an urgent health system priority closely linked to expanding access to care and improving quality,” said Mr. Neas. “All stakeholders need to be engaged in developing policies and practices to help contain prescription drug related costs without negatively impacting clinical decisions or therapeutic outcomes.”

The new report provides a data snapshot suggesting how states may be able to cut Medicaid costs. In addition, from NCHC's perspective, the analysis underscores the need for increased transparency in how states determine generic substitution policies, as well as regarding what states' true costs are after manufacturer rebates are factored in. Analysis of individual drugs and their generic substitution rates is useful to exploring how states—and other payers—may be able to achieve greater savings in the future. The AEI working paper builds on several HHS OIG reports which taken together should encourage wider consideration of cost control policy options. For example, NCHC generally supports thoughtful implementation by payers of preferred drug lists, patient copayments and limits on the number of brand prescriptions, and initiatives designed to eliminate waste by encouraging the use of lower cost drugs whenever clinically appropriate. Additional research is needed to evaluate these and other policies to determine the degree to which other factors—including but not limited to discount rebates, Maximum Allowable Cost (MAC) policies, and therapeutic indications— may contribute to the use of more costly brand name products when generic equivalents are available.

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The National Coalition on Health Care a 501(c)(3) organization, is the oldest and most diverse alliance of groups committed to securing and sustaining health care system reform, collectively representing more than 150 million Americans.. NCHC is located at 1120 G Street, NW, Suite 810, Washington, DC 20005. Phone: (202) 638-7151.