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Expected Executive Order to take on High Drug Prices; Senate Committee Hears Recommendations on Drug Supply Chain from Experts

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According to an article posted today on the *BioCentury* website, the Trump administration is drafting an executive order that will take on the high costs of pharmaceuticals by instructing "executive agencies to use value-based contracts for drug purchases, and to pursue trade policies that enhance the intellectual property rights of American pharmaceutical companies." This is in line with a statement made by Health and Human Service Secretary, Tom Price, who told senators on June 8, 2017 that taking on the high price of prescription drugs in the United States is still "an absolute priority" to the administration.

This report comes just two days after the first of three hearings held by the Senate Health, Education, Labor and Pensions Committee. The bi-partisan hearing was categorized by the Committee chair as a fact-gathering hearing on the issues of prescription drug pricing and the prescription drug supply-chain in the United States. Those involved in the hearing acknowledged that prescription drug spending has become the fastest growing share of health spending[1] and that changes to current system may be warranted.

The June 13, 2017 hearing included discussions on a wide-range of topics such as: the historical increases in drug prices; an overview of the current prescription drug supply chain players; discussion of widely-used industry such as "list price", "net price", "drug rebates and discounts" and "average wholesale price"; the effect of research and development costs for new drugs; current biosimilar approval regulations; and patient protections for drug manufacturers.

Senators at the hearing asked witnesses for recommendations of legislation that would address drug spending trends and reduce drug cost burdens on consumers and government entities. Some ideas presented at the hearing included the use of outcomes-based contracts; faster approval of second-and-third branded drugs in a therapeutic class; policy development to limit "reverse payment" settlements; policies that limit

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manufacturers of brand name drugs from blocking generic developers' access to sample products required for bioequivalence testing; reforms to the 340B drug discount program; revisions to Medicare catastrophic drug spending rules; and policies addresses PBM and PDP rebates.

The full committee hearing can be watched at: https://www.help.senate.gov/hearings/the-cost-of-prescription-drugs-how-the-drug-delivery-system-affects-what-patients-pay

The second committee hearing on this topic is expected to take place next month.

[1] The Centers for Medicare & Medicaid Services projects that prescription drug spending growth will continue to outpace overall health care cost increases over the next decade. Source: Centers for Medicare & Medicaid Services, "National Health Expenditure Projections 2016-2025," Available at: https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/proj2016.pdf