

## CMS Releases Data on Drug Spending

Yesterday (11/14/16) the Centers for Medicare and Medicaid Services (CMS) released data on spending for drugs under Medicare and Medicaid (1,2). Medicare paid \$137.4 billion on drugs covered by its prescription drug benefit in 2015. About \$8.7 billion of that spending occurred on drugs that had "large" price hikes, defined as a more than 25 percent increase between 2014 and 2015. In 2015, Medicaid paid \$57.3 billion about \$5.1 billion of which was spent on drugs that had large price increases.

The Medicare spending database highlights 11 drugs that doubled in price. The Medicaid database identified 20 drugs that more than doubled in price with 9 of these being old, generic drugs. Medicare drugs were led by Glumetza, a Type 2 diabetes drug which saw its price soar 380 percent and hydroxychloroquine sulfate, a generic malaria drug, which went up 370 percent. Medicaid drugs were led by Ativan, an anti-anxiety medication approved in 1977, which increased by 1,264 percent in price between 2014 and 2015. Daraprim, a decades-old antiparasitic drug that helped spark political attention to the issue of high drug prices after former pharmaceutical executive Martin Shkreli hiked the price, leapt up in average cost by 874 percent.

However, drugs commonly used in respiratory diseases also increased in price. These were led by mitomycin, an anticancer drug sometimes used in lung cancer, an antidepressant also used as a smoking cessation aid (Table 1).

Table 1. Medicare Spending on Respiratory Drugs.

Brand Name	Generic Name	Total Spending	Beneficiary Count	Total Annual Spending Per User	Average Annual Beneficiary Cost Share	Change in Average Total Spending Per Beneficiary*	Change in Average Cost Per Unit**
Accuneb; Albuterol Sulfate	Albuterol Sulfate	\$20,603,233	516,660	\$39.88	\$10.17	16.6%	25.6%
Advair Diskus	Fluticasone/Salmeterol	\$2,270,015,726	1,321,483	\$1,717.78	*	7.2%	6.5%
Alimta	Pemetrexed Disodium	\$547,767,946	21,948	\$24,957.53	\$4,732.54	2.6%	1.5%
Araneso	Darbepoetin Alfa In Polysorbate	\$294,317,556	58,290	\$5,049.19	\$1,034.46	11.4%	7.9%
Brovana	Arformoterol Tartrate	\$178,698,319	68,624	\$2,604.02	\$553.43	19.2%	16.8%
Depo-Medrol; Methylprednisolone Acetate	Methylprednisolone Acetate (40 mg)	\$9,771,022	1,235,507	\$7.91	\$1.86	20.5%	19.3%
Depo-Medrol; Methylprednisolone Acetate	Methylprednisolone Acetate (80 mg)	\$11,505,875	962,804	\$11.95	\$2.92	15.8%	15.8%
Gammaqard Liquid	Immun Glob G (IGG)/Gly/Iqa 50+	\$264,248,241	11,713	\$22,560.25	\$4,548.91	8.0%	-0.7%
Gammakid; Gamunex; Gamunex-C	Immun Glob G (IGG)/Gly/Iqa 50+	\$288,619,654	10,485	\$27,526.91	\$5,508.32	7.2%	0.3%
Gemcitabine HCl; Gemzar	Gemcitabine HCl	\$8,837,378	20,021	\$441.41	\$91.54	16.3%	18.0%
Mitomycin	Mitomycin	\$15,768,476	20,903	\$754.36	\$154.97	178.2%	163.1%
Neulasta	Pegfilgrastim	\$1,259,962,339	96,562	\$13,048.22	\$2,635.00	9.5%	8.6%
Perforomist	Formoterol Fumarate	\$79,857,563	27,481	\$2,898.64	\$612.04	19.3%	20.8%
Pprevnar 13	Pneumococcal 13-Valent Vaccine	\$914,629,739	5,698,568	\$160.50	*	11.1%	10.5%
Spiriva	Tiotropium Bromide	\$2,191,465,784	1,142,131	\$1,918.75	*	7.7%	9.5%
Wellbutrin XL	Bupropion HCl	\$55,167,292	5,336	\$10,338.70	*	131.0%	109.5%
Xarelto	Rivaroxaban	\$1,524,438,227	727,763	\$2,094.69	*	24.9%	12.3%
Xolair	Omalizumab	\$272,631,823	13,302	\$20,495.55	\$4,178.63	6.7%	8.2%
			<b>Average</b>	<b>\$7,590.35</b>	<b>\$4,178.63</b>	<b>28.5%</b>	<b>25.2%</b>

\*The average amount the beneficiaries using the drug paid out of pocket during the year; for Part D drugs, the amount displayed here is based only on Part D beneficiaries without a Low Income Subsidy (LIS).

\*\*For Part D drugs, this measure accounts for unit cost changes for different strengths and dosage forms of a drug and presents a weighted average of these percent changes.

The data on price on small price rises can be deceiving when calculating total costs. For example, Advair Diskus, a bronchodilator, ranked in the top-five of Medicare expenditures, with \$2.3 billion in spending in 2015. However, the utilization of the drug has actually declined a little over the last five years. Meanwhile, the total spending has not gone down, but increased. Fueled by relatively modest price increases, from \$3.81 per unit in 2011 to \$5.28 in 2015, the spending on the drug increased by more than half a billion dollars over that period.

Of particular concern is a rise in price of some generics, a class of drugs that are intended to decrease drug prices and spending. Drugs that were responsible for large amounts of overall spending tended to see smaller increases that gradually increased the government outlay. In one outlier, the price of the hepatitis C treatment, Harvoni, decreased slightly in 2015, even as it led overall spending.

The prices do not include the impact of rebates, which are prohibited by law from being released (3). Those discounts can be significant, and not knowing what they are means the numbers almost certainly overstate how much the government actually paid for these drugs. CMS disclosed that, on average, rebates for brand name drugs were 17.5 percent for medicines covered by Medicare's "part D" prescription drug benefit in 2014.

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### ***References***

1. CMS. 2015 Medicare drug spending dashboard. Available at: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Information-on-Prescription-Drugs/2015Medicare.html> (accessed 11/15/16).
2. CMS. 2015 Medicaid drug spending dashboard. Available at: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Information-on-Prescription-Drugs/2015Medicaid.html> (accessed 11/15/16).
3. Johnson CY. Drugs for hepatitis C and diabetes drove Medicare spending in 2015. Washington Post. November 14, 2016. Available at: <https://www.washingtonpost.com/news/wonk/wp/2016/11/14/the-drugs-driving-up-medicare-spending/> (accessed 11/15/16).