



HEALTH CARE

Pants on Fire

Donald M. Petersen Jr., BS, HCD(hc), FICC(h), Publisher

In 2022, the standard monthly premium for Medicare Part B enrollees [increased](#) from \$148.50 to \$170.10, an increase of \$21.60 per month – one of the steepest increases in Medicare history.¹ But according to [one source](#), "\$10 of this \$22 increase was to establish a reserve to pay for possible coverage of the then-new Alzheimer's drug, Aduhelm."² At that time, ultra-expensive Aduhelm was priced at \$56,000 per patient, per year.

But in April 2022, the Centers for Medicare & Medicaid Services (CMS) released a [national policy](#) for Aduhelm (and any similar drug) providing coverage for the drug only for patients enrolled in a FDA or National Institutes of Health (NIH)-approved trial.³ Not surprisingly, the standard monthly premium for Part B Medicare decreased to \$164.90 for 2023, a \$5.20 reduction. Aduhelm is now selling for \$28,600 per year.

The Cost Is Clear; Where's the Benefit?

The move by CMS to subject Aduhelm to further study among Medicare patients before making reimbursement available to all will hopefully help establish its true additional therapeutic benefit over similar drugs, something most ultra-expensive drugs fail to prove. In fact, a study published two years ago found that "most ultra-expensive drugs prescribed in the United States and assessed by France, Canada, and Germany provide low added therapeutic benefit."⁴

This problem was echoed by a recent Colorado study comparing 45 high-cost generic drugs with their lower-cost therapeutic alternatives with the same clinical value. The study found that the high-cost generics were 15.6 times more expensive. Had the lower-cost alternatives been used instead, it would have reduced total spending by 88.3%.⁵

Time for a New Excuse

It's a well-known fact that drugs are priced much higher in the U.S. than in other countries. [One](#)

study found that drugs sold in the U.S. cost 70% more than in Mexico (at the least) and 679% more than what they are sold for in Turkey (at the worst); with an average U.S. price tag of 156% more than the average of 32 countries.⁶

So, why are these ultra-expensive drugs so ultra-expensive? Drug companies routinely cite research and development costs to justify pricing. But a paper published toward the end of 2022 found that "variation in drug prices could not be explained by research and development investments; drug companies should make further data available if they want to use this argument to justify high prices."⁷ Seems like they need to come up with a new excuse.

A Historic Opportunity - to Educate Your Patients

This year, for the first time ever, Medicare will select the first 10 drugs to negotiate prices under the Inflation Reduction Act. The new law allows Medicare to choose those 10 from the highest-spending, brand-name Medicare Part D drugs that don't have competition.

Sadly, the lower prices won't take effect until 2026. After that, Medicare will negotiate 15 more Part D drugs for 2027, 15 more Part B or Part D drugs for 2028, and 20 more for each year after that.⁸

While it's refreshing to see Medicare finally fight back against the rising tide of drug costs, it will take a sustained effort to make a real impact. Until then, we can expect to see more efforts to increase the pharmaceutical profits taken from government programs, third-party payers and patients. Something to share with your patients so they are less likely to turn over a greater portion of their hard-earned dollars for overpriced, lower-benefit alternatives to natural care.

References

1. Fact Sheet: 2022 Medicare Parts A & B Premiums and Deductibles/2022 Medicare Part D Income-Related Monthly Adjustment Amounts. CMS.gov, Nov. 12, 2021.
2. Carlson B. "Medicare Premiums Drop In 2023, But That's Not The Full Story." *Forbes*, Oct. 11, 2022.
3. "CMS Finalizes Medicare Coverage Policy for Monoclonal Antibodies Directed Against Amyloid for the Treatment of Alzheimer's Disease." CMS.gov, April 2, 2022.
4. DiStefano MJ, Kang SY, Yehia F, et al. Assessing the added therapeutic benefit of ultra-expensive drugs. *Health Policy Analysis*, March 1, 2021;24(3):397-403.
5. Socal, MP, Cordeiro T, Anderson GF, et al. Estimating savings opportunities from therapeutic substitutions of high-cost generic medications. *JAMA Netw Open*, 2022;5(11):e2239868.
6. International Prescription Drug Price Comparisons: Current Empirical Estimates and Comparisons With Previous Studies. Office of the Assistant Secretary for Planning and Evaluation, July 1, 2022.
7. Wouters OJ, Berenbrok LA, He M, et al. Association of research and development investments with treatment costs for new drugs approved from 2009 to 2018. *JAMA Netw Open*, 2022;5(9):e2218623.
8. Fact Sheet: The Inflation Reduction Act Lowers Health Care Costs for Millions of Americans. CMS.gov, Oct. 5, 2022.

Read more findings on my blog: <http://blog.toyourhealth.com/wrblog>. You can also visit me on Facebook and Twitter (donpetersenjr, @donaldpetersen).

