

Update on Health Reform

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PhRMA's Platform: Comprehensive Reform Needed to Assure Affordability, Value, & Quality

- Reduce obesity and **promote wellness and prevention**
- **Better coordinate care** for those suffering from chronic conditions
- **Reduce and eliminate health disparities**
- Encourage the use of **evidence-based medicine and comparative clinical effectiveness research**
- Promote greater adoption of **health information technology**
- **Accelerate the development of new medical advances** which are needed to improve lives and address the cost of conditions that do not yet have effective or optimal treatments

FOR A HEALTHY AMERICA
PHARMA PLATFORM ON HEALTH REFORM

PhRMA

The U.S. health care system has many strengths, but it also faces serious challenges. While we have made tremendous strides in reducing the burden of disease, extending life, reducing disability, and advancing medical treatments, more progress is needed to achieve the goal of high-quality and affordable care for all Americans. That is why we support a new national commitment aimed at dramatically improving the health, well-being, quality of life, and productivity of Americans and the affordability of Americans' health care. This includes a commitment to providing all Americans with access to health insurance coverage. Expanding good coverage is critical to assuring access to needed care and financial security for uninsured and under-insured Americans.

PhRMA believes that the best way to expand coverage and reduce the number of uninsured is through private health insurance with businesses and families having a range of private options. We believe this approach holds the most promise in promoting private market competition, as well as innovation in the delivery and financing of care needed to achieve long-term affordability. At the same time, we do recognize the important role of public programs as a safety net for the most vulnerable individuals and families. These programs, too, can play a critical role in reducing the number of uninsured.

A equally strong commitment must be made to improving our health care system's overall performance. Therefore, this national commitment must go beyond coverage to broad initiatives that would promote a healthier population, develop more effective and affordable delivery of health care, and encourage more rapid development of health care innovations, including new treatments and new ways to deliver care effectively.

Sustaining improved quality and affordability is a key part of improving access to health care. To do so requires a new way to think about health care, since the old approach of seeking short-term cost savings by restricting access to care has not proven effective. In order to accomplish the important task of making care more affordable, we must address the rapid growth in the number of Americans with chronic illnesses, often related to obesity, which is fueling health care cost increases.

For instance, the share of the population that is obese has approximately doubled over the past 25 years¹, and recent research finds that Medicare costs are far higher for obese and severely obese individuals than for nonoverweight persons—by almost 50% and 100%, respectively². Likewise, data from the Centers for Disease Control and Prevention (CDC)

Partnerships on healthcare reform

- **Reauthorizing the State Children's Health Insurance Program (SCHIP) with a focus assuring coverage for those eligible but not enrolled**
 - Worked with a coalition of provider, patient, and consumer advocacy organization to support covering more uninsured children through SCHIP reauthorization
- **Partnership to Fight Chronic Disease (PFCD) to promote greater awareness about the toll of chronic disease**
 - PhRMA participates in this national coalition of over 100 leading organizations committed to advocating for effective strategies to prevent and better coordinate care for the millions of Americans that suffer from chronic medical conditions
 - Advancing policy initiatives that promote healthy lifestyles/wellness, prevention and better management of chronic disease, and reducing/eliminating health disparities
- **Actively engage in partnerships to advocate for comprehensive healthcare reform**
 - New multi-media ad campaign launched Jan 8th with American Cancer Society, American Medical Association, Families USA, Regence BlueCross and BlueShield, and the Service Employees International Union
 - Participated in the Health Reform Dialogue to develop health reform proposal
 - Collaborated with Families USA on health insurance reform and coverage expansion proposal
 - Partner with America's Agenda to develop health system and delivery reforms
 - Americans for Stable Quality Care – broad coalition of leading patient, provider, and consumer groups – advocating for comprehensive health care reform

Partnerships on healthcare reform – Families USA-PhRMA coverage expansion

- **Expand Medicaid up to 133% FPL**
 - Extends coverage to millions of uninsured Americans – including very low-income parents and adults
 - Would also reform Medicaid to assure comprehensive benefits and payment policies that ensure good access to providers and quality health care
- **Create meaningful subsidies to help low- and moderate-income families obtain private health insurance in a reformed marketplace**
 - Sliding scale subsidies that provide significantly more help to the lowest-income
 - Subsidies to cover out-of-pocket expenses (in addition to premium subsidies)
 - Comprehensive insurance market reforms (guaranteed issue, modified community rating, no pre-existing condition exclusions, etc)
- **Meaningful cap on out-of-pocket expenditures**
 - Annual out-of-pocket cap would cover full range of covered services
 - Necessary to provide financial protection and health security to chronically ill as well as promote greater stability in the insurance marketplace

Partnerships on healthcare reform – *Closing the Medicare Part D Coverage Gap*

- **\$80 billion commitment that provides prescription drug discounts for Medicare beneficiaries that fall into the “coverage gap” as part of comprehensive healthcare reform**
 - “Coverage gap” impacts 3.4 million beneficiaries – many of whom are chronically ill
 - When annual drug costs exceed \$2,700, beneficiaries must pay up to \$4,350 out-of-pocket before “catastrophic” coverage is triggered
 - Mandatory 50% discount on the negotiated price for all brand name medicines when the medicines covered by the beneficiary’s Part D plan are purchased in the coverage gap

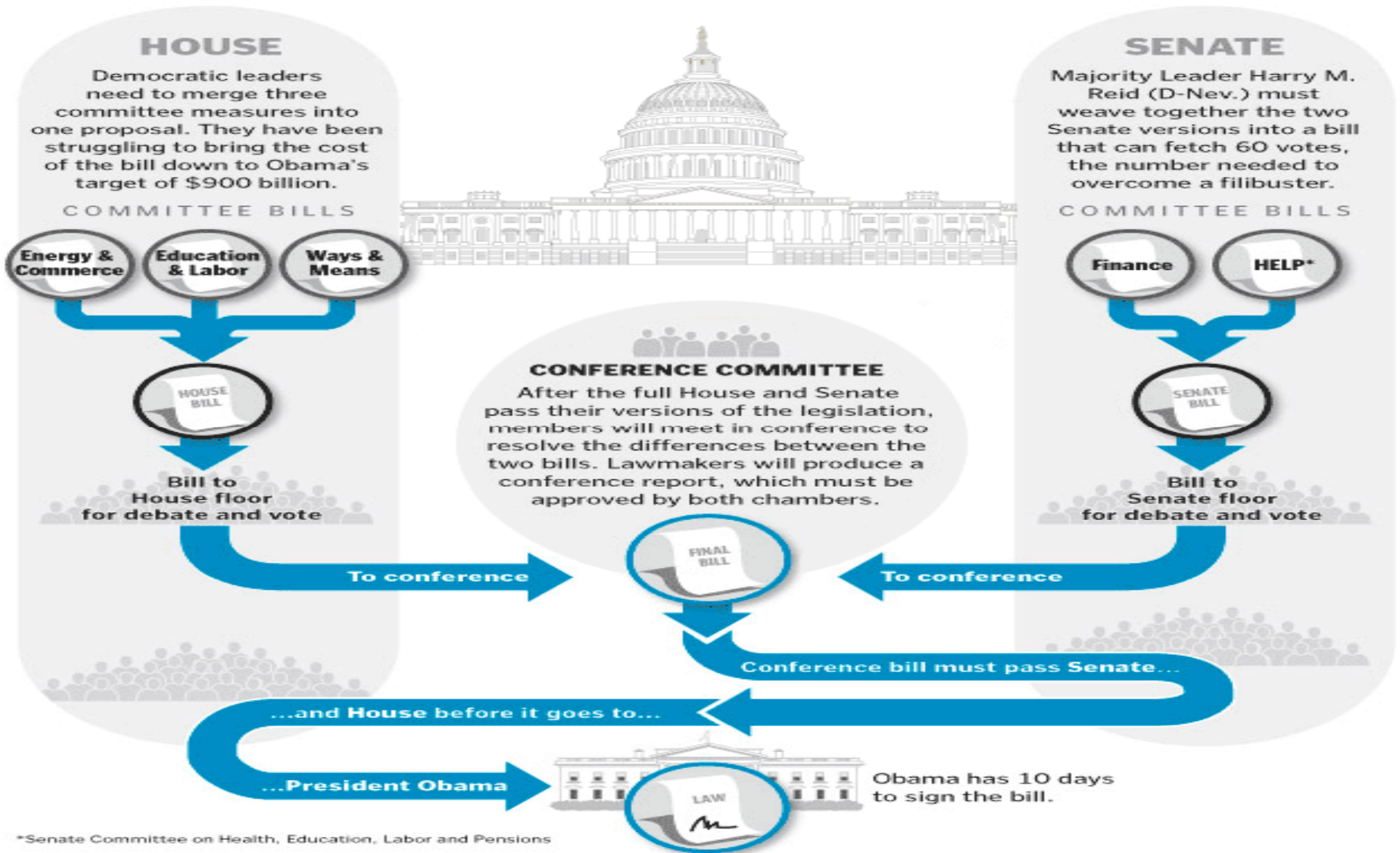
“AARP to Endorse Offer of Drugmaker Price Cuts,”

June 22, 2009,

Ceci Connolly

The Washington Post

The Legislative Process



Public Opinion on Health Reform Remains Divided

GALLUP

“No Clear Mandate from Americans on Healthcare Reform,” Nov. 9, 2009

“Americans have moved in a more negative direction on the basic issue of whether a new bill should be passed into law. By a 10-point margin, Americans are more likely to say a new bill would make their personal healthcare situations worse (36%), rather than better (26%).”

RASMUSSEN
REPORTS

“Although House passes Health Care, Most Voters Still Oppose Legislation,”
November 9, 2009

“...the legislative victory (House passage of the health reform bill) failed to significantly move public opinion....Most (52%) remain opposed.”

Issues we are Monitoring...

H.R. 3962, the Affordable Health Care for America Act:

- Medicaid-style rebates for dual eligibles and LIS beneficiaries in Medicare Part D
- Repeal of non-interference language – Secretary “shall” negotiate with manufacturers the drug prices that may be charged to Part D plans
- Comparative effectiveness provisions
- Patent settlements – Essentially imposes a per se ban, with very limited exceptions, on all “reverse payment” patent settlements

Other issues:

- Medicare Commission
- Follow-on biologics