

MANUFACTURED CRISIS

How Drugs Can Cost 7x More in Versailles,
Missouri than in Versailles, France

REPORT THREE



Manufactured Crisis

How Drugs Can Cost 7x More in Versailles, Missouri than Versailles, France

EXECUTIVE SUMMARY

Compared with other countries, the United States spends the most per capita on prescription drugs.¹ In 2016, for example, U.S. per capita spending on prescription drugs reached \$1,016, representing an amount ranging from 52% to 198% higher than the amount in 25 other industrialized countries.² Similarly, according to an IHS Markit POLI analysis, in 2017 U.S. patients paid approximately 56% more for select prescription drugs than the average price patients paid for the same drugs in the rest of the industrialized world.³

At the request of Ranking Member McCaskill, this report examines the difference between the high drug prices consumers pay in Missouri and the significantly lower prices consumers in other industrialized nations pay for the same drugs.

Key Findings:

- On average, Missourians pay anywhere from 166% to 591% more than their foreign counterparts in Canada, France, and Italy for 13 of the 20 most commonly prescribed brand-name drugs in the Medicare Part D program.
- Patients in Versailles, France, for example, pay \$76.79 for the popular blood thinner Xarelto, while residents of Versailles, Missouri, pay \$530.74—591% more than their French counterparts.

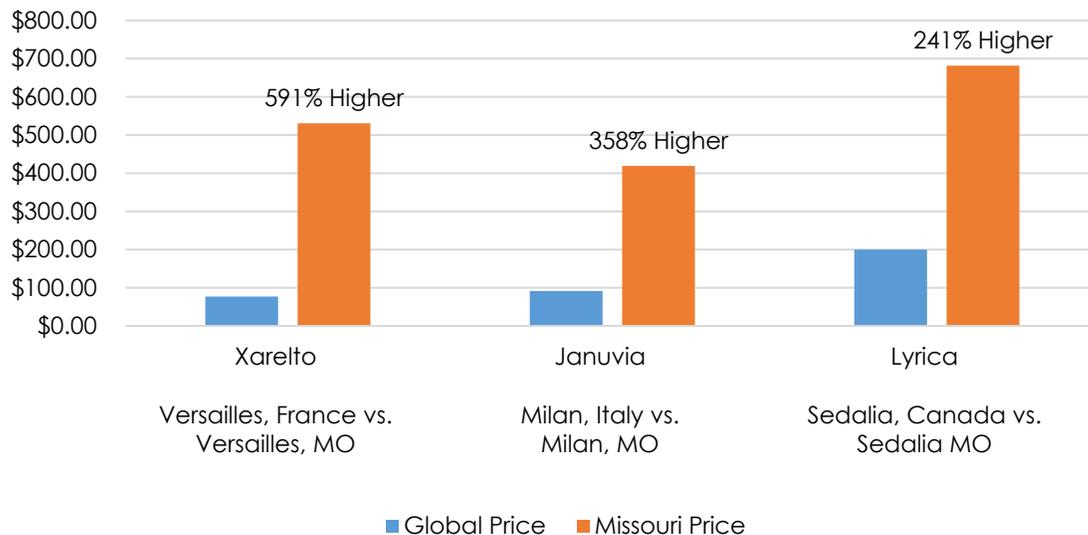
¹ Aaron S. Kesselheim, et al., *The High Cost of Prescription Drugs in the United States*, *Journal of American Medicine* (Aug. 23-30, 2016) (jamanetwork.com/journals/jama/article-abstract/2545691).

² Organisation for Economic Cooperation and Development (OECD) Per Capita Data (2016) Per Capita Data (Oct. 12, 2018). Staff reviewed 2016 OECD figures for "prescribed medicines" from Austria, Belgium, Canada, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Iceland, Korea, Latvia, Luxembourg, Mexico, Norway, Poland, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom, and the United States. 2015 figures for Australia and Japan were included for comparison purposes, due to different reporting timelines. The United Kingdom figure included was based on slightly different reporting standards and was for "pharmaceutical and other medical non-durable goods," the majority of which is attributable to "prescribed medicines."

³ *U.S. Drug Prices vs. The World*, DrugWatch (Oct. 5, 2018) (www.drugwatch.com/featured/us-drug-prices-higher-vs-world/).

- Patients in Milan, Italy, pay \$91.47 for the diabetes medication Januvia, while residents of Milan, Missouri, pay \$418.82—358% more than their Italian counterparts.
- Patients in Sedalia, Canada, pay \$199.75 for Lyrica, a prescription drug developed to treat nerve and muscle pain, while residents of Sedalia, Missouri, pay \$681.25—241% more than their Canadian counterparts.

Figure 1: Global Price v. Missouri Price: Xarelto, Januvia, Lyrica



BACKGROUND

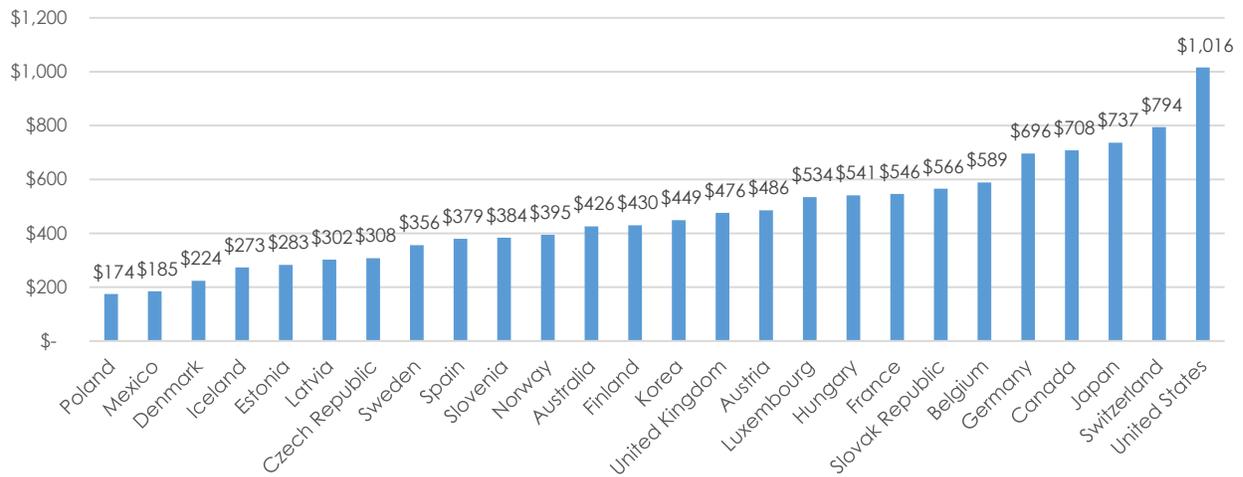
From 2012 to 2017, prices for the top 20 most commonly prescribed brand-name drugs in the Medicare Part D program increased 12% each year—approximately ten times the average annual rate of inflation.⁴ In general, according to a recent report, “[b]rand-name prescription drug prices in the U.S. have increased nearly 100 percent in the past six years.”⁵ According to CMS National Health Expenditure Projections, prescription drug spending is projected to grow an average of 6.3% per year through 2025.⁶

⁴ Ranking Member Claire McCaskill, *Manufactured Crisis: How Devastating Drug Price Increases Are Harming America's Seniors* (Mar. 26, 2018).

⁵ *U.S. Drug Prices vs. The World*, DrugWatch (Oct. 5, 2018) (www.drugwatch.com/featured/us-drug-prices-higher-vs-world/).

⁶ Centers for Medicare and Medicaid Services, *National Health Expenditure Projections 2016-2025* (Feb. 15, 2017) (www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/proj2016.pdf).

Figure 2: International Comparison: 2016 Per Capita Spending on Prescription Drugs by Country⁷



In 2016, U.S. per capita spending on prescription drugs reached \$1,016, representing an amount ranging from 52% to 198% higher than per capita spending in 25 other industrialized countries.⁸ See **Figure 2**. Similarly, according to an IHS Markit POLI analysis, in 2017 U.S. patients paid approximately 56% more for select prescription drugs than the average price patients paid for the same drugs in the rest of the industrialized world.⁹ On average, the IHS Markit POLI analysis found that U.S. prescription drug prices were 67% higher than French prices for the same drugs, 53% higher than Italian prices, 57% higher than prices in the United Kingdom, and 65% higher than Canadian prices.¹⁰

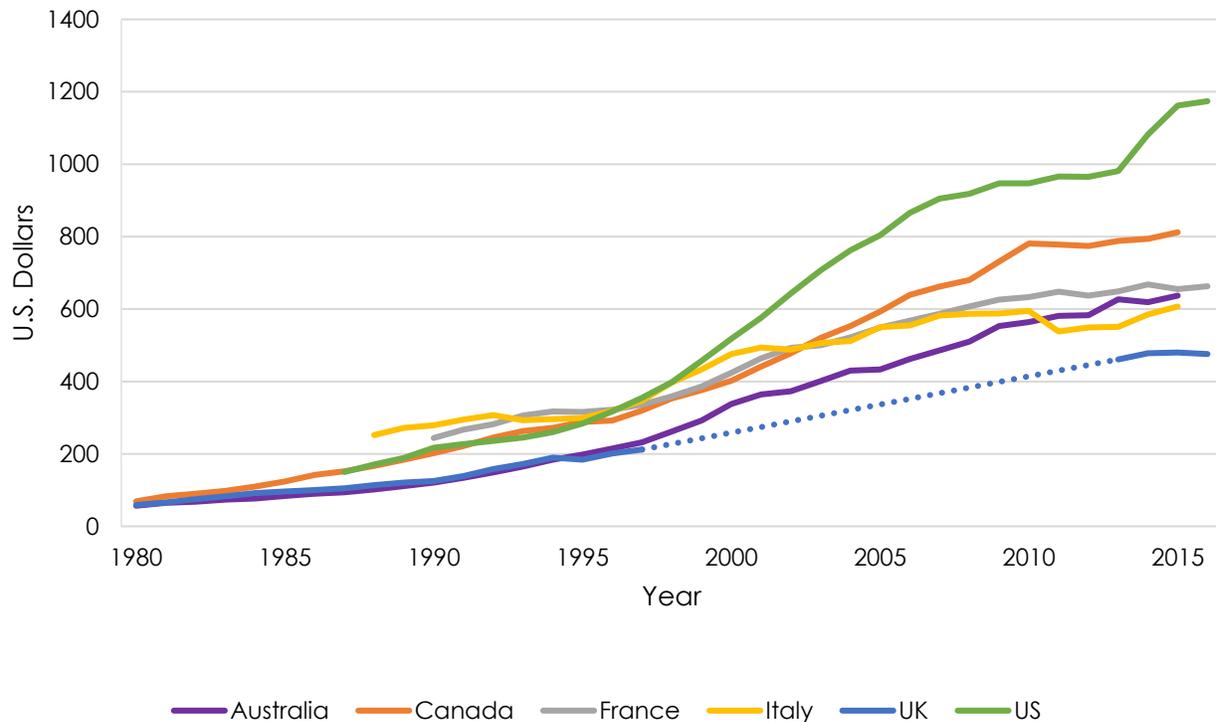
⁷ OECD Per Capita Data (2016) (Oct. 12, 2018).

⁸ *Id.* Staff reviewed 2016 OECD figures for "prescribed medicines" from Austria, Belgium, Canada, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Iceland, Korea, Latvia, Luxembourg, Mexico, Norway, Poland, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom, and the United States. 2015 figures for Australia and Japan were included for comparison purposes, due to different reporting timelines. The United Kingdom figure included was based on slightly different reporting standards and was for "pharmaceutical and other medical non-durable goods," the majority of which is attributable to "prescribed medicines." The \$221.80 difference between the U.S. and Switzerland—the country with the second highest per capita prescription spending—is just \$2.00 less than Denmark's \$223.60 per capita prescription expenditure for the same year. *Id.*

⁹ *U.S. Drug Prices vs. The World*, DrugWatch (Oct. 5, 2018) (www.drugwatch.com/featured/us-drug-prices-higher-vs-world/).

¹⁰ *Id.*

Figure 3: International Comparison: Per Capita Spending on Prescription Drugs by Country¹¹



To determine the extent to which Missouri consumers have paid inflated prices for the most commonly prescribed brand-name drugs in the Medicare Part D program, minority staff requested drug pricing information from the Organisation for Economic Cooperation and Development (OECD) and various regulatory agencies in Europe, Mexico, and Canada. Staff also determined local prescription drug prices for Missouri residents by requesting cash prices from pharmacies located in and around Missouri, and reviewing published prices for these drugs on GoodRX.com,¹² an online repository of prescription drug prices at licensed U.S. pharmacies. Using PharmacyChecker.com, staff also reviewed price comparisons for specific brand-name drugs available through verified online pharmacies.¹³ Detailed findings from these comparisons are included below.¹⁴

¹¹ The United Kingdom did not report figures to OECD for 1998-2012. This gap in data reporting is reflected using a trend line. 2016 OECD Per Capita Data (Oct. 12, 2018).

¹² See GoodRx.com, About (www.goodrx.com/about) (accessed Oct. 5, 2018).

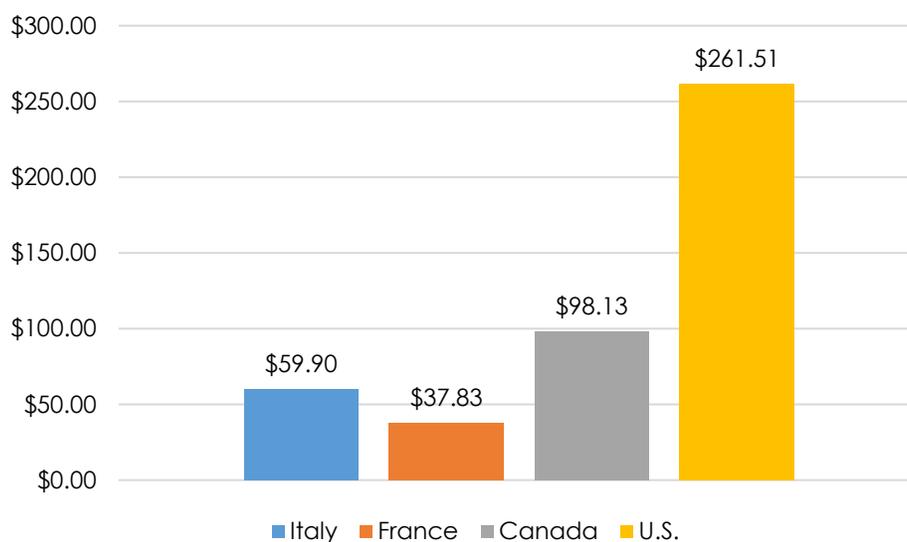
¹³ See PharmacyChecker.com, About Us (www.pharmacychecker.com/aboutus/) (accessed Oct. 11, 2018).

¹⁴ In cases in which the standard quantity or dosage of a particular drug differed between countries, staff calculated the equivalent foreign cash price for the most commonly prescribed dosage or quantity in the United States.

FINDINGS

In general, the prescription drug prices residents of Missouri pay for commonly-prescribed prescription drugs far exceed prices for patients in other industrialized countries. Staff compared drug prices for 13 of the 20 most commonly prescribed brand-name drugs in the Medicare Part D program in the United States to official regulatory prices for the same drugs in Canada, France, and Italy.¹⁵ This analysis showed that, on average, Missourians pay anywhere from 166% to 591% more than their foreign counterparts for the 13 brand-name drugs examined.

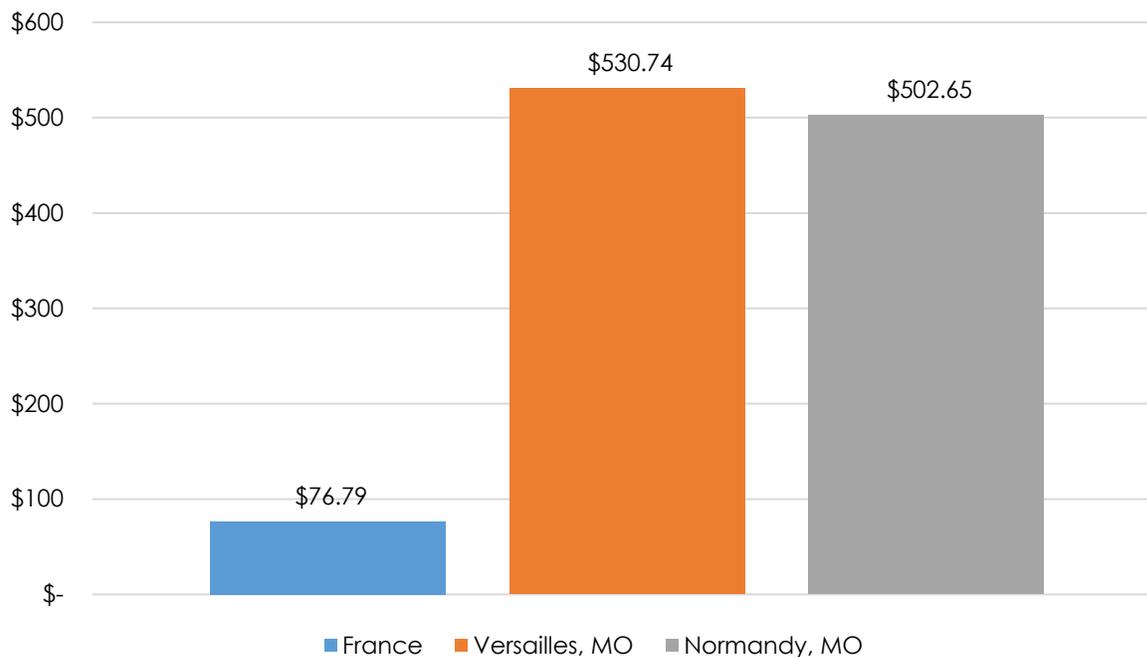
Figure 4: Average Cost for 13 Brand-Name Drugs in Medicare Part D



Residents of Versailles and Normandy, Missouri, for example, are paying over 500% more than patients in their French namesake cities for the prescription blood thinner, Xarelto.¹⁶ In France, the price for Xarelto is \$76.79, but the out-of-pocket cash price for the same prescription at a local pharmacy in Versailles, Missouri, is \$530.74—591% more than the price available in Versailles, France. In Normandy, Missouri, the out-of-pocket cost for Xarelto is \$502.65—555% more than the price in Normandy, France. See [Figure 5](#).

¹⁵ This calculation is limited to 13 of the most commonly prescribed brand-name drugs in the Medicare Part D program that are sold in all four countries; the analysis excluded Nitrostat, Novolog Flexpen, Premarin, Proair HFA, Restasis, Synthroid, Zostavax.

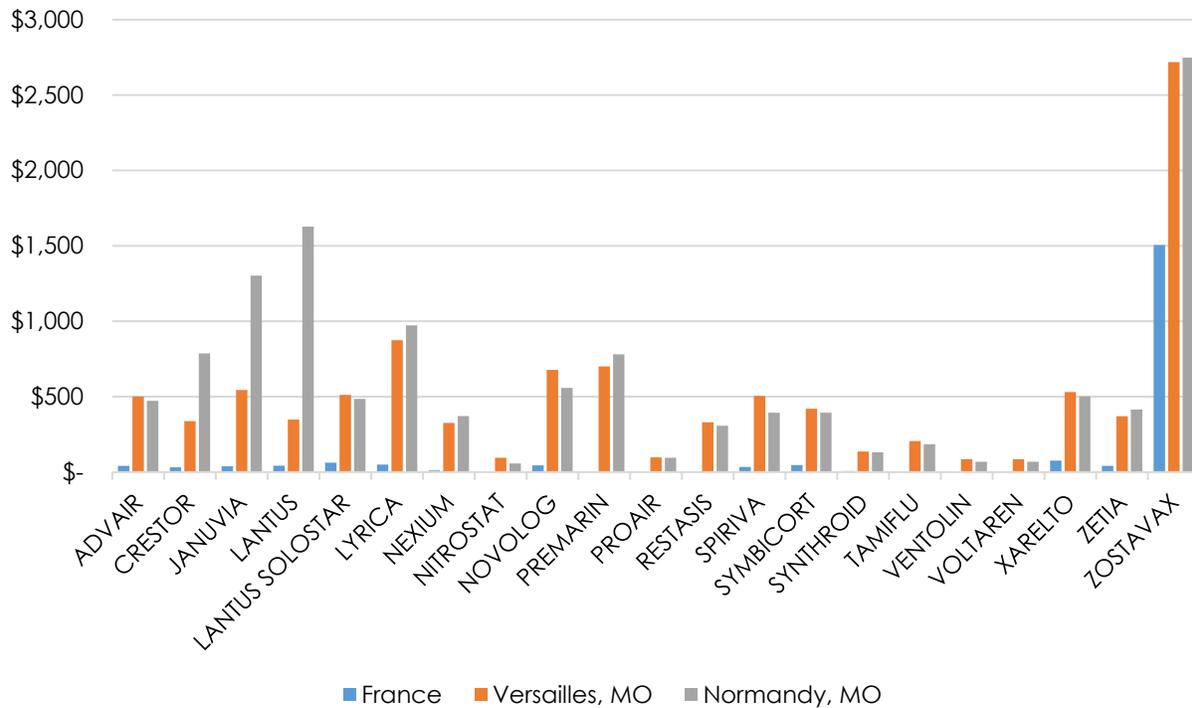
¹⁶ Xarelto, Home Page (www.xarelto-us.com/) (accessed Oct. 5, 2018).

Figure 5: Xarelto Price Comparisons

This trend continues for all 16 of the top 20 most commonly prescribed brand-name drugs in the Medicare Part D program that are available in both France and Missouri.¹⁷ On average, Missouri residents in Versailles and Normandy pay 349% and 461% more, respectively, than French residents for these drugs. See Figure 6.

¹⁷ As in previous reports, this analysis considers Lantus and Lantus Solostar as one prescription drug.

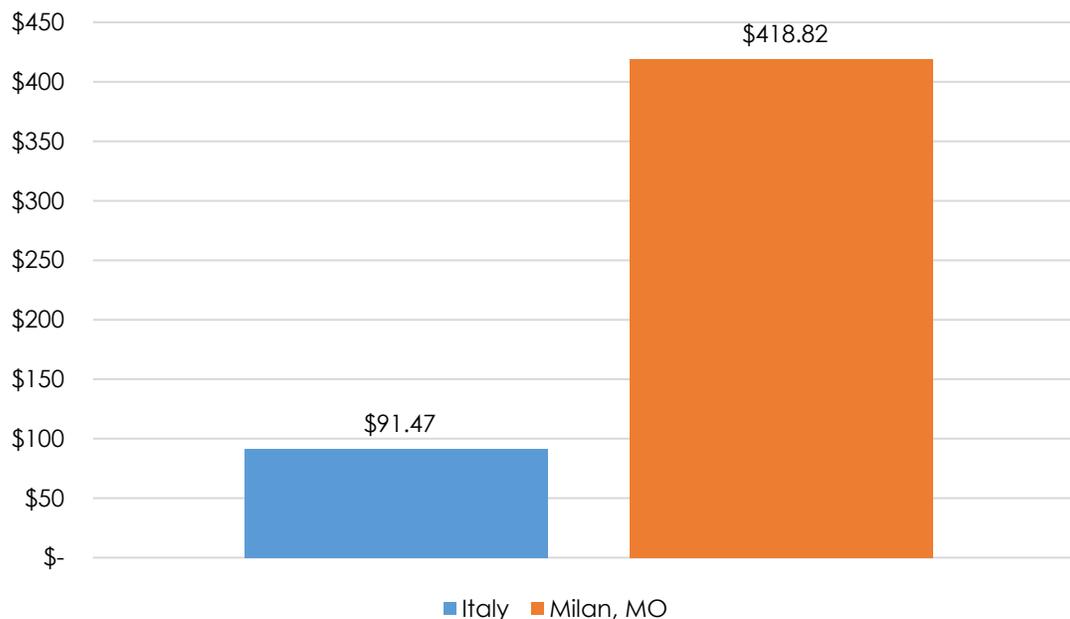
Figure 6: Prices for Commonly Prescribed Brand-Name Drugs in Medicare Part D in France and Missouri¹⁸



Similarly, patients in Milan, Italy, pay \$91.47 for Januvia, a prescription drug that lowers blood sugar levels in diabetic adults,¹⁹ while residents of Milan, Missouri, pay \$418.82—358% higher than their Italian counterparts. See [Figure 7](#).

¹⁸ French prices for Nitrostat, Premarin, Proair HFA, and Restasis were not available.

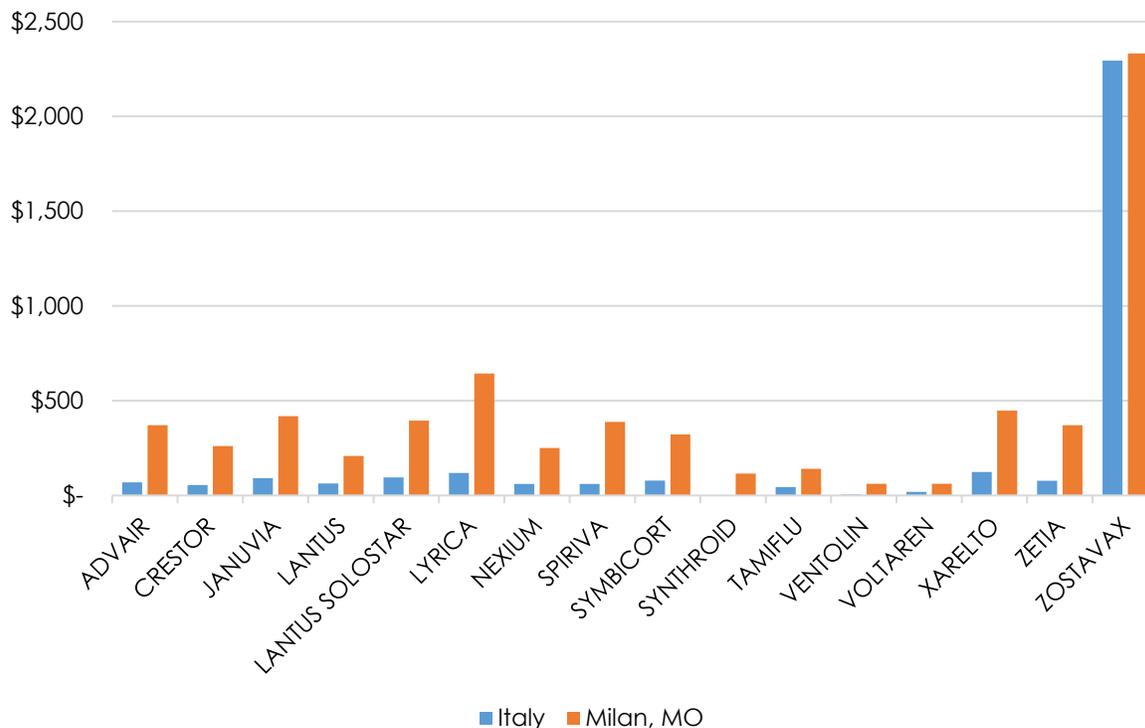
¹⁹ Januvia, Home Page (www.januvia.com/) (accessed Oct. 15, 2018).

Figure 7: Januvia Prices in Italy and Missouri

This trend continues across all 14 of the most popular brand-name prescription drugs available in both Italy and Missouri.²⁰ On average, residents of Milan, Missouri, pay 105% more than Italian residents for these drugs. See [Figure 8](#).

²⁰ Ventolin in Italy is a 100 mcg dose per spray, compared to 90 mcg per spray in the United States. Inhaler sprays cannot be divided, so staff used a 1:1 ratio; Ventolin users in Italy will receive a slightly higher dose than U.S. users.

Figure 8: Prices for Commonly Prescribed Brand-Name Drugs in Medicare Part D in Italy and Missouri²¹



Patients in Sedalia, Canada, pay \$199.75 for Lyrica, a prescription drug treatment for nerve and muscle pain, while residents of Sedalia, Missouri, pay \$681.25—241% higher than their Canadian counterparts. See [Figure 9](#).

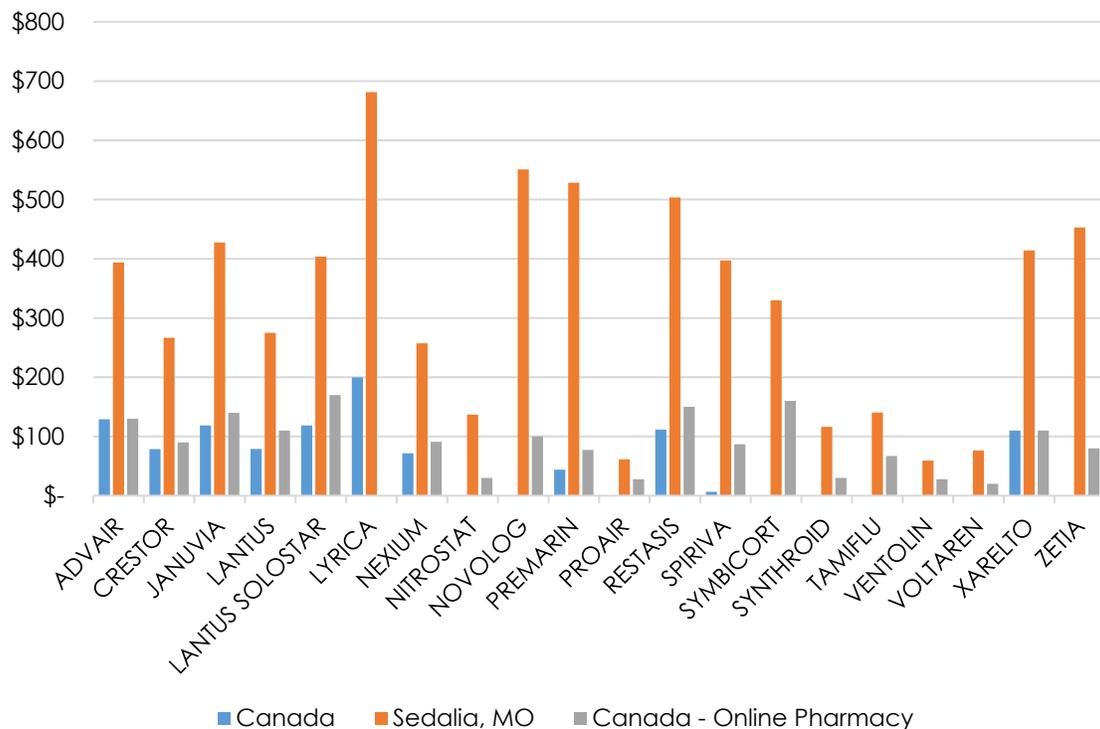
²¹ Italian prices for Nitrostat, Novolog, Premarin, Proair HFA, Restasis, and Synthroid were not available.

Figure 9: Lyrica Prices in Canada and Missouri



In fact, Canadian residents pay a considerably lower price than U.S. patients for 19 out of the 20 most commonly prescribed brand-name drugs in the Medicare Part D program that are also available in Canada. On average, residents of Sedalia, Missouri, pay 302% more than Canadian residents for these drugs. See [Figure 10](#).

Figure 10: Prices for Commonly Prescribed Brand-Name Drugs in Medicare Part D in Canada and Missouri²²



CONCLUSION

Year after year, patients in the United States continue to spend significantly more on brand-name prescription drugs than individuals in any other industrialized country, in part due to efforts by the pharmaceutical industry to increase drug prices and boost sales of expensive brand-name medications. In 2016, U.S. prescription drug spending reached \$326.8 billion, which accounted for approximately 10% of total national health expenditures. Private health insurers paid \$142.6 billion for prescription drugs—nearly 44% of all prescription drug spending in the United States—and out-of-pocket spending on prescription drugs by U.S. consumers reached \$45 billion.²³ The significant gap between U.S. and foreign spending on brand-name medications, as described above, underscores the need for further investigation into international approaches to drug pricing, and industry efforts to profit at the expense of U.S. patients.

²² Official Canadian prices for Nitrostat, Novolog, Proair HFA, Symbicort, Synthroid, Tamiflu, Ventolin, Voltaren, Zetia, and Zostavax were not available. However, pricing information for these drugs, with the exception of Zostavax, was available online from Canada Cloud Pharmacy, a licensed pharmacy in Vancouver, Canada. See Canada Cloud Pharmacy, Home Page (www.canadacloudpharmacy.com/) (accessed Oct. 2018).

²³ Centers for Medicare and Medicaid Services, *National Health Expenditure Projections 2017-2026, Table 11 Prescription Drug Expenditures; Aggregate and Per Capita Amounts, Percent Distribution and Annual Percent Change by Source of Funds* (Feb. 16, 2018) (go.cms.gov/2klUusj).

METHODOLOGY ADDENDUM

International Pricing

Staff requested pricing information from several countries for the top 20 most commonly prescribed brand-name drugs in the Medicare Part D program. Staff compared the prices for the top-unit pack or most common U.S. dosages and quantities for baseline comparisons. To standardize drug prices, staff used a multiplication factor for international prices with a different dosage or quantity. For example, if the U.S. price was for 30 tablets at 15 mg each, and the international price was for 28 tablets at 30 mg each, the international price was multiplied by $(30/28)*(15/30) = 0.536$. After standardizing to the U.S. dosage and quantity, international prices were converted from Canadian or European currency to U.S. dollars as appropriate.

United States-Canada Comparison

Most popular U.S. dosage and quantity was again used as the baseline for comparison between U.S. and Canadian prices. In order to standardize drug prices, staff used a multiplication factor for international prices with a different dosage or quantity. For example, if the U.S. price was for 30 tablets at 15 mg each, and the international price was for 28 tablets at 30 mg each, the international price was multiplied by $(30/28)*(15/30) = 0.536$. The “basket” of prescription drugs—the most commonly prescribed brand-name drugs in Medicare Part D—was weighted according to 2017 prescription numbers as aggregated by industry experts in accordance with prior HSGAC minority staff drug pricing reports. Lyrica was excluded from the basket, as it is export-controlled in Canada. However, because Lyrica is sold in Canada, we have included it in other price comparisons throughout this report. Zostavax was also excluded, as Canadian pharmacies do not ship it to the United States due to its temperature sensitivity.

Assumptions

For currency conversion, staff used the average foreign exchange rate for the one-year period from September 2017 through August 2018, as reported by the Board of Governors of the Federal Reserve System.