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Op-Ed: Private-Sector Solution to Address Drug Spending that Everyone is Ignoring

By Robert Popovian — January 17, 2019

An opinion piece by Robert Popovian, the vice president of Pfizer U.S. Government Relations.

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Policymakers, providers, insurers and employers continue to complain that the United States needs to curtail spending on drugs to slow down the ever-growing cost of health care. Yet they're not taking advantage of an innovation that is available to them and that is saving the European Union millions.

In 2010, Congress passed the Biologics Price Competition and Innovation Act to bring down the cost of biologic drugs by encouraging competition and innovation — paving the way for the introduction of "biosimilar" drugs into the U.S. marketplace. Biosimilars are like generic drugs in a sense that they offer affordable options for comparable care. To be approved, a biosimilar must demonstrate that it is highly similar to its original drug with no clinically meaningful differences in terms of safety, purity and potency.

The law encourages major biopharmaceutical companies to invest heavily in bringing biosimilars to the market. Today, 16 biosimilars have been approved by the Food and Drug Administration; however, this number pales in comparison to the number of biosimilars approved in Europe — 45 authorized biosimilars for 15 reference biologic medicines have been approved in the EU. [1]

There is no denying the potential savings through the use of biosimilars. According to a study conducted by the Pacific Research Institute, U.S. commercial insurers and the federal government can save more than $400 million annually [2] by converting half of the use of a single originator biologic to competitor biosimilars.

The estimated savings are based on the conversion of one originator. Imagine the savings if the United States had access to all the biosimilars that are currently available in Europe.

While policymakers are instituting or touting policies that import foreign price controls, which will undoubtedly reduce access to medicines, or adding additional administrative burdens such as step therapy, it is important to note that according to a study published in BMC Health Services Research in 2014 [3], billing and insurance-related activities totaled approximately $471 million in the U.S. health care system, roughly the same amount we pay for life-saving medicines.

For reasons unknown, policymakers continue to ignore a simple solution of promoting the uptake of biosimilars. Due to lack of awareness or financial interest by the decision makers, the adoption of biosimilars in the U.S. marketplace has been abysmal. Meanwhile, Europeans are experiencing significant savings [1] through a robust uptake of biosimilars in their markets, garnering millions in spending reduction and, most importantly, improving access to essential therapies.

Ultimately, biosimilars provide a “private-sector solution” to the spending debate. Instead of complaining about the rise of health care costs, policymakers, insurers, employers and providers should all submit their plans of how they intend to support the adoption of less costly but equally efficacious and safe biosimilars. Until then, their harrowing grievances about the increase in drug spending ought to be taken with a massive grain of salt.

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[1] https://www.iqvia.com/institute/reports/advancing-biosimilar-sustainability-in-europe

[2] https://www.pacificresearch.org/new-study-patients-employers-and-taxpayers-could-save-significantly-if-barriers-to-biosimilars-removed/

[3] https://www.ncbi.nlm.nih.gov/pubmed/25540104