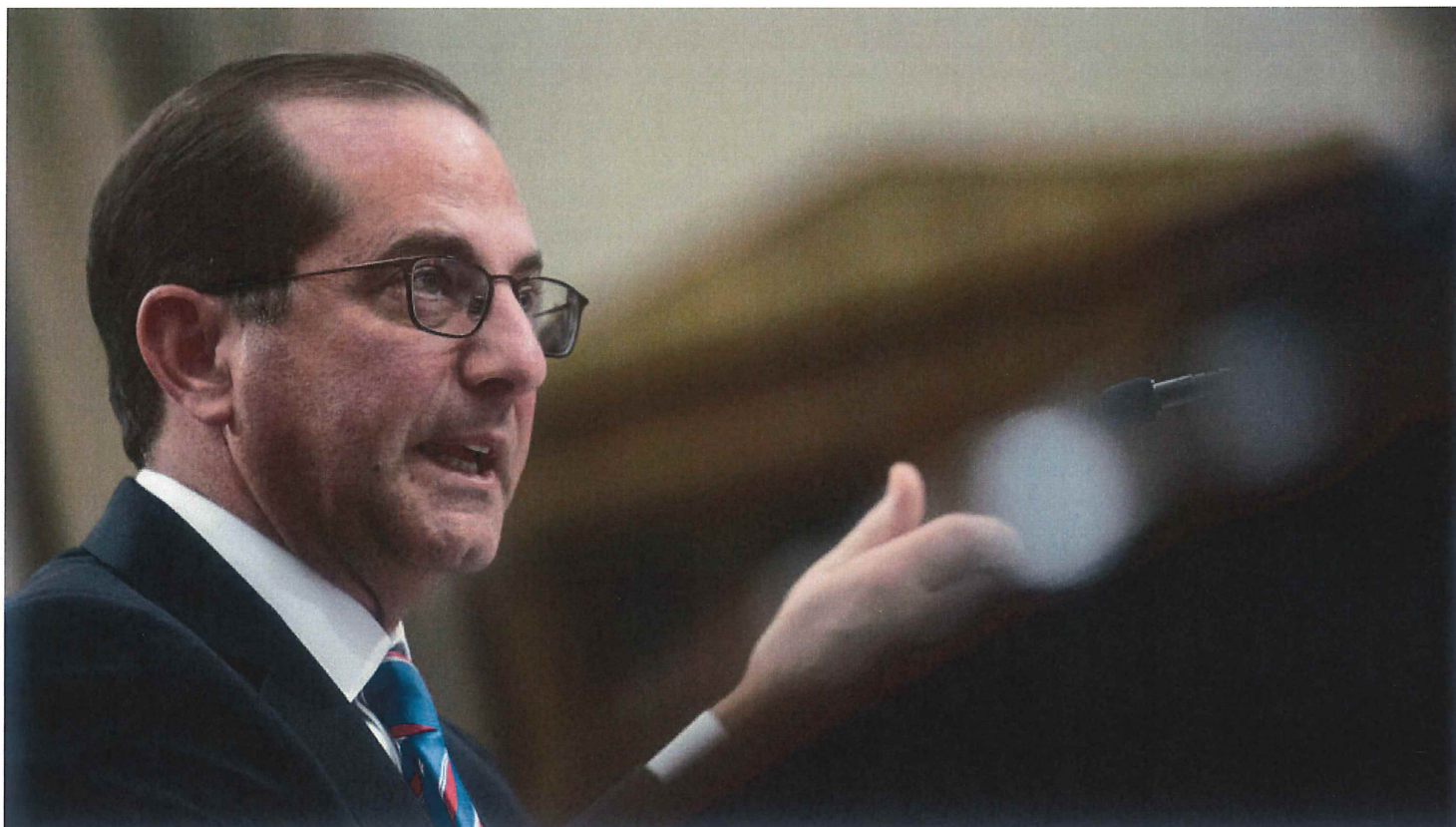


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Health secretary hints at wide range of drug pricing proposals ahead of Trump speech

By [Erin Mershon @eemershon](#)

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AP Photo/Andrew Harnik

WASHINGTON — President Trump will be pulling from a wide-ranging grab bag of policy changes for his Friday speech on lowering drug prices, his top health official suggested Thursday.

Health and Human Services Secretary Alex Azar kicked off an appropriations hearing with a list of four policy priorities that included bringing down high list prices, getting the government “a better” deal for the drugs it pays for through programs like Medicare, improving competition, and lowering out-of-pocket costs. As the panel continued, he added that the president will also specifically address the role of pharmacy benefit managers, or PBMs, and ways to “get foreign governments to pay more” for the drugs they use.

Asked specifically whether the policies would take aim at drug makers — and not just the “system” or other players in the so-called supply chain — Azar didn’t waver.

“Yes, it will. All players will be impacted. As I said, it’s a systemic issue, which requires a systemic, multi-factoral solution. That’s what the president will be rolling out tomorrow,” he said in response to a question from Sen. Tammy Baldwin (D-Wis.).

His Thursday remarks offer the latest signals of what’s to come in the pending address, which Trump is scheduled to deliver Friday afternoon. Azar and other top health officials have been dropping hints in other recent remarks, too, calling the speech a “comprehensive strategy” and a “profound modernization” of the country’s policies towards prescription drugs.

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There have been few clear examples of the exact policies the president will put forth, though lobbyists and congressional aides expect a mix of regulatory proposals and “requests for information.”

Some of the anticipated ideas have been debated across Washington in recent months, like one specific idea to require PBMs to share some of the savings they negotiate from drug companies directly with consumers. PBMs work on behalf of employers and insurers to negotiate rebates and discounts with drug manufacturers.

Azar hinted at that idea again Thursday.

“That will be a focus of the president’s announcement tomorrow, addressing every element of the pharmaceutical pricing channel, including those who negotiate for so many of us, the pharmacy benefit managers, their role,” Azar said. “They serve a very important purpose. But I think it’s very important that we address the incentives that are in the system. Who are they working for, who are they being paid by, and where do the savings go to?”

The Trump administration’s February budget proposal previewed other policies up for debate lately, including a plan to move certain drugs administered by doctors into a different part of Medicare with more negotiating tools.

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We’re focused on “ensuring that our programs are up to date and ensuring that we get the best deal possible for these drugs,” Azar said Thursday, echoing some of the framing he’s used in the past to reference that idea.

His other comments hinted at further changes in the Medicare program, where the HHS secretary has the widest latitude to work without requiring new legislation from Congress.

“Every incentive in the system is towards higher list prices. How might we help reverse the incentives on list prices?” he asked, referencing the first of his four issues.

In the past, the Trump administration has been criticized for making minor changes without actually addressing the list prices that manufacturers set for their products.

Some of the policies Azar hinted at, like changes related to the patent system, are outside his jurisdiction at HHS. But he suggested that the administration intends to encourage as many drugs — both brand and generics — to come to market to increase price competition.

“At the end of the day, multiple products, multiple generics, multiple branded products, swift entry of generics, ending any kind of patent gaming that prevents generic entry is critical to long-term price reduction in our system,” he said.

He took aim, too, at patients’ out-of-pocket expenses.

“As we’ve seen changes and transformations in insurance design over the last decade, patients are being asked to assume more of the costs of drugs when they show up at the pharmacy or get the bill at the hospital or the doctor’s office for those drugs,” he said. “How do we address that out of pocket?”

Later, in response to a question from Sen. Joe Manchin (D-W.Va.), Azar added yet another pillar of the president’s planned policy: an effort to address “this question of foreign governments that free ride off of American investments,” he said.

“In the United States, some of our plans and some of our approaches actually drive as good or better deals as some of the socialist systems abroad. In other parts of programs and for other medicines, foreign governments, socialist single-payer systems get a better deal,” he said, adding that those better prices were often paired with more restrictive formularies that leave some patients unable to access some drugs.

“It is a balance, but what the president’s going to be doing is trying to tackle the elements of our program – how do we make them better so that we pay less, and of course, get foreign governments to pay more,” he added.

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Democrats offer a counterpoint to Trump's drug pricing policy before major speech

By [Erin Mershon @eemershon](#)

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Senate Minority Leader Chuck Schumer of New York *AP Photo/Alex Brandon*

WASHINGTON — A coterie of the country's most powerful and recognizable Democrats gathered Thursday to offer their early rebuttal to President Trump's anticipated [Friday address on drug prices](#)¹.

As one lawmaker put it, the group was "hopeful, but ... not optimistic" that Trump would deliver on his early promises to lower prescription drug prices. What they want to see, however, is far broader than anything that top Trump administration officials have hinted at ahead of Trump's Friday speech.

"We heard President Trump's rhetoric and we thought that was pretty good because the issue was so important. He talked the talk, but he has failed, at least so far, to walk the walk," said Senate Minority Leader Chuck Schumer of New York. "Prescription drug prices have been skyrocketing, and President Trump has barely lifted a finger to address the issue. ... It's outrageous, it hurts seniors, the infirm, and regular middle class families everyday, and we ought to do something about it."

Schumer — joined by Sen. Bernie Sanders (I-Vt.), House Minority Leader Nancy Pelosi of California, and six other lawmakers — pressed for progressive ideas like allowing Medicare to negotiate directly with drug makers and importing some drugs from other countries.

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Trump, who supported those ideas on the campaign trail, has largely abandoned that rhetoric since taking office. His top lieutenants, like health secretary Alex Azar and FDA Commissioner Scott Gottlieb, have opposed them.

Though there were some pleas for Trump to return to his past positions and work with Democrats, much of the 30-minute press conference was filled with potshots at the president and at drug makers themselves.

“Since 1998, big drug companies spent nearly \$4 billion on lobbying and campaign contributions, employing some 1,400 well paid lobbyists. The other day we learned that Novartis, a major drug company, paid Donald Trump’s lawyer [over a million dollars](#)² to gain access to the president,” Sanders said. “The pharmaceutical industry and their CEOs are doing phenomenally well. Unfortunately, for the people who need prescription drugs, often to literally stay alive or to ease their pain — those folks are not doing quite so well.”

Democrats also [called](#)⁴ for legislation that would require greater transparency from drug makers, and improvements to trade agreements that could make drugs more affordable. They also pushed for legislation to change the rules of the intellectual property system to mitigate the effects of some patent litigation tactics.

The other lawmakers present Thursday included Sens. Ron Wyden of Oregon and Amy Klobuchar of Minnesota, and Reps. Lloyd Doggett of Texas, Jan Schakowsky of Illinois, Elijah Cummings of Maryland, and Peter Welch of Vermont.

Democrats weren’t the only ones to offer their early opposition to Trump’s remarks. A spokeswoman for PhRMA, the trade group that represents most drug makers, sent around a series of the group’s recent statements on cost issues and research to support those points. They also highlighted an ad [campaign](#)⁵, launched Wednesday, that aims to advance ways to improve both affordability and “predictability” in the Medicare program.

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