

# ICER'S UNSUPPORTED PRICE INCREASE ASSESSMENT

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## Key Findings

- Many plan executives feel that this research and analysis from an independent, third party has been long overdue, however few are willing to solely leverage ICER findings in access decisions.
- Plans would appreciate third-party value assessments in the oncology space, with Keytruda, Opdivo, and Tecentriq most frequently mentioned.
- Nine in ten plans, representing 88% of pharmacy lives, intend to use the results and findings from the recent ICER report in contract negotiations with biopharmaceutical companies.
- Payers are not certain that report will provide enough influence to change existing drug pricing strategies.
- Biopharma should be mindful that ICER has aligned with the VA and Medicare where the Unsupported Price Increase Assessment may carry more weight than with non-federal payers.

## METHODOLOGY

- An online survey was fielded in December 2019 to gather reactions on the recently published Unsupported Price Increase Assessment by ICER.
- Twenty medical directors and pharmacy directors from leading health plans participated, representing approximately 124.1 million pharmacy lives.
- All respondents were moderately to highly familiar with ICER's recently published report.

The seven drugs, in order of pricing impact on drug unsupported spending in the U.S., according to ICER

1. Humira (AbbVie)
2. Lyrica (Pfizer)
3. Truvada (Gilead)
4. Rituxan (Genentech)
5. Neulasta (Amgen)
6. Cialis (Eli Lilly)
7. Tefidera (Biogen)

## ICER found the net price increases on seven drugs cost U.S. insurers and patients an additional \$4.8 billion over two years

In October 2019, the Institute of Clinical and Economic Review (ICER) released their first annual report on Unsupported Price Increases of prescription drugs in the United States. The report takes a systematic approach to determine whether certain price increases are justified by new clinical evidence or other factors. ICER reviewed nine drugs for full evaluation and determined that seven of the nine drugs had evidence that was not adequate to support a claim of additional clinical benefit.

The report found that only two products – Revlimid (Celgene) and Genovya (Gilead) – had new important positive clinical evidence. However, ICER's determination that new evidence exists should not be interpreted to mean that the new evidence justifies the level of price increase since a full cost-effectiveness assessment was not conducted.

Source: Health Strategies Insights by EVERSANA, Health Technology Assessment, December 2019.

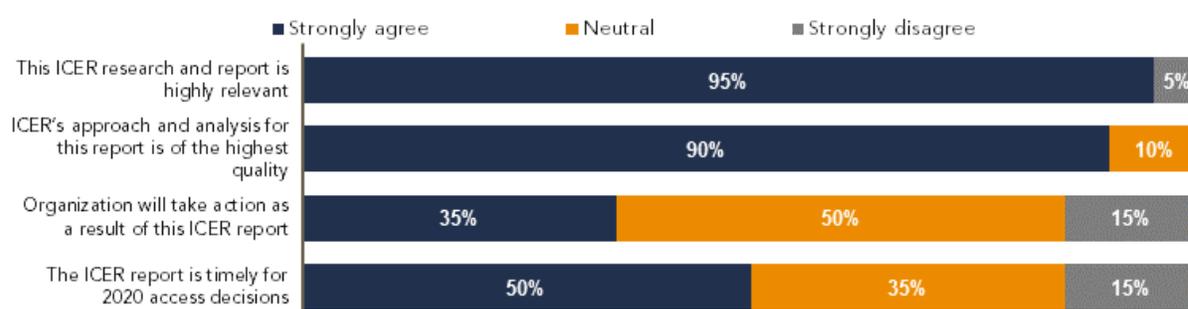


## Plans find ICER’s unsupported price increase report relevant and of high quality

Many plan executives feel that this research and analysis from an independent, third party has been long overdue, however few are willing to solely leverage ICER findings in access decisions.

ICER’s reports are a good start to having a national source to review unexplained and exorbitant pricing tactics from biopharmaceutical companies. The cost of drugs will become unsustainable in the next few years if this trend continues. – Pharmacy, Blues Plan

HEALTH PLAN PERCEPTIONS OF ICER’S UNSUPPORTED PRICE INCREASES RESEARCH  
(Percentage health plans indicating level of agreement)



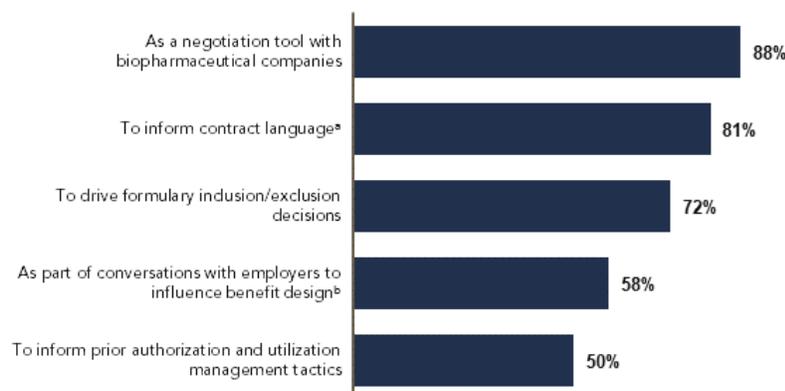
N=20

Source: Health Strategies Insights by EVERSANA, Health Technology Assessment, December 2019.

## ICER’s report will be leveraged in contract negotiations and language, use by plans in access decisions will be limited

Plans representing 88% of pharmacy lives, intend to use the results and findings from the recent ICER report in contract negotiations with biopharmaceutical companies. However, the true influence of ICER on contract negotiations and drug pricing is still yet to be determined.

HEALTH PLAN USE OF ICER’S REPORT IN ACCESS AND CONTRACTING DECISIONS  
(Percentage enrollment)



<sup>a</sup>e.g., price protection

<sup>b</sup>e.g., drive use to high deductible plans

N=20 health plans representing 124.1 million pharmacy lives

Source: Health Strategies Insights by EVERSANA, Health Technology Assessment, December 2019.

“We need more data like this on other drugs to assist in the drug pricing discussion”

– Pharmacy, National Plan

“I doubt that this will have any influence on biopharmaceutical companies that push the limits on the maximal pricing that the market will bear. Hopefully this will highlight the need for true cost-effectiveness research.”

– Medical, Regional Independent Plan

“This analysis was a great idea from ICER and biopharmaceutical companies must be very frightened by this.”

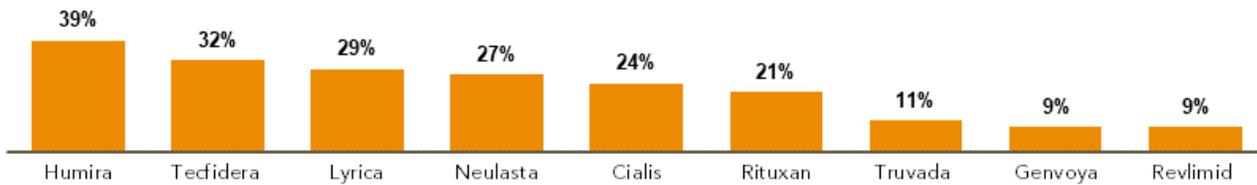
– Medical, Blues Plan



### Plans Perceive Market-Leading, Top Selling, Humira to Be Influenced the Most by ICER's Analysis

As a leader in the autoimmune market, Humira's price increases accounted for the greatest single impact on spending according to ICER's analysis. The brand's average U.S. price increased 15.9% over this period, after accounting for rebates and other concessions. Health Plans continue to seek aggressive contracting from AbbVie with biosimilars adalimumab looming, and this analysis will be added leverage in future contract negotiations. Reflecting limited contracting and management intensity, oncology and antiretroviral brands will be less impacted by this research.

INFLUENCE OF ICER'S REPORT ON CONTRACT NEGOTIATIONS AND ACCESS DECISIONS IN 2020, BY BRAND  
(Percentage enrollment at plans indicating high level of influence)



N=20 health plans representing 124.1 million pharmacy lives  
Source: Health Strategies Insights by EVERSANA, Health Technology Assessment, December 2019.

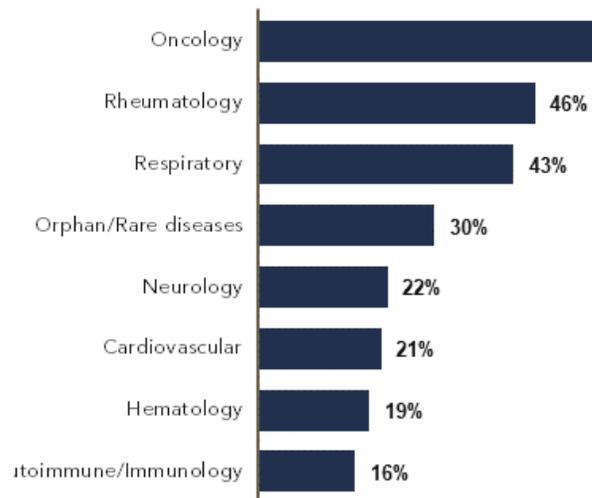
### As treatment options grow and costs with them, plans would appreciate third-party value assessments in the oncology market

Reflecting high drug spend as well as large patient populations, plans would be interested in future research by ICER around oncology drugs. Keytruda, Opdivo, and Tecentriq were frequently mentioned, unprompted, by plans as brands of interest for future ICER assessments on unsupported price increases. ICER's influence on access decisions in the oncology market may rise if NCCN and ASCO align recommendations with it. Additionally, multiple plans express interest in analysis around price increases related to Enbrel, insulins, and multiple sclerosis brands.

“NCCN has 28 Centers of Excellence backing their findings, ICER does not have the same credibility.”

– Pharmacy, Regional Independent Plan

THERAPEUTIC AREAS OF INTEREST FOR FUTURE ICER RESEARCH AND ANALYSIS AROUND PRICE INCREASES  
(Percentage enrollment at plans selecting within top three)



Note: Therapeutic areas selected by plans representing 15% of enrollment or less were omitted from graphic and available upon request.

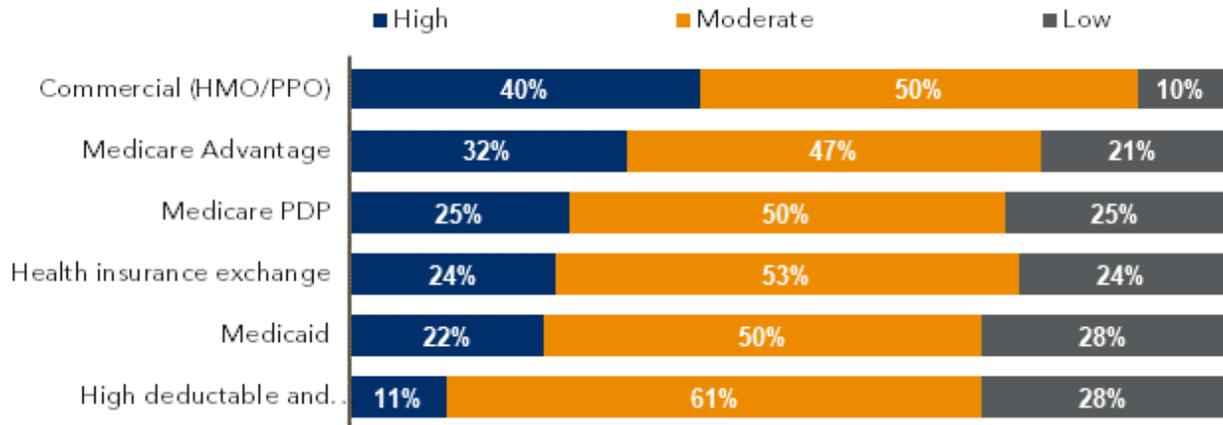
N=20 health plans representing 124.1 million pharmacy lives

Source: Health Strategies Insights by EVERSANA, Health Technology Assessment, December 2019.



### The UPI report appears to have high to moderate influence on Commercial and MA Plans

INFLUENCE OF ICER'S REPORT ON HEALTH PLAN FORMULARY DESIGN AND UTILIZATION MANAGEMENT TACTICS IN 2020, BY BUSINESS LINE  
(Percentage plans indicating level of influence)

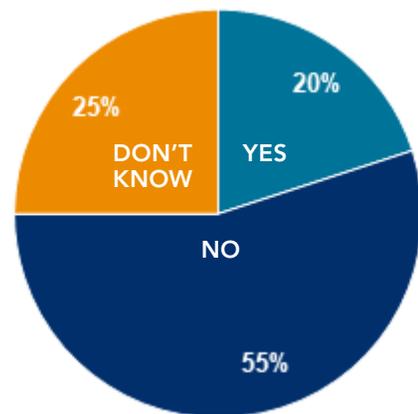


Source: Health Strategies Insights by EVERSANA, Health Technology Assessment, December 2019. *Sample size varies*

### ICER findings are starting to influence employers which actively manage drug costs, though still a minority of plan customers

Four plans report employer customers have proactively brought up ICER's Unsupported Price Increases report in conversations. These plans included two Blues, one regional independent, and one National plan. Given the prevalence of high deductible health plans, biopharma should anticipate increased push back from employer payers on unsupported price increases.

EMPLOYER CUSTOMERS PROACTIVELY BRINGING UP ICER'S REPORT IN CONVERSATIONS WITH PLAN  
(Percentage plans)



N=20 health plans representing 124.1 million pharmacy lives  
Source: Health Strategies Insights by EVERSANA, Health Technology Assessment, December 2019.



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## Implications for the Industry

ICER will be conducting the UPI review annually, which will put additional scrutiny on biopharmaceutical company pricing actions

- The industry will need to weigh the risk/reward of taking price beyond CPI
- It is important to remember that utilizing patient affordability tactics such as copay offsets does offset the price in this analysis

ICER's analysis was based upon the assumption that price increases are tied to new, meaningful clinical evidence

- Biopharmaceutical companies should align long-term publication planning to financial forecasting
- Anticipate receiving questions from payers around accompanying evidence if taking price above CPI
- Payers reported a need for this information, and the industry can expect to receive pushback from payers if their products are highlighted in future reports

In this research, there was no mention of flawed methodology or narrowness of thinking, which suggests that payers trust the ICER analysis

- Some payers mentioned that NCCN has greater credibility in oncology, but also welcome additional analysis from ICER in this space
- Payers see the UPI as a negotiation tool and would leverage this analysis for additional products in RA, diabetes, and multiple sclerosis if available