



Employers' Prescription for Affordable Drugs

The Honorable Alex Azar
Secretary
Department of Health and Human Services
200 Independence Avenue, SW
Washington, D.C. 20201

December 7, 2020

Dear Secretary Azar:

Employers' Prescription for Affordable Drugs (EmployersRx) is a coalition of employers united to tackle one of the biggest challenges in health care – driving down the cost of prescription drugs. EmployersRx counts among its members: the ERISA Industry Committee, the National Alliance of Healthcare Purchaser Coalitions, the Pacific Business Group on Health and the Silicon Valley Employers Forum. **We write to you today to provide our perspective on the need to ensure fair and reasonable pricing for COVID-19 vaccines and therapeutic drugs.** We are separately writing a formal comment letter responding to the recently released interim final rule which contains provisions on the subject (CMS-9912-IFC).

COVID-19 represents the most significant public health emergency in more than a century. The virus has infected millions of Americans, killed more than 200,000 people and badly damaged our economy. The only permanent end to the crisis will come when people have access to an effective vaccine and/or effective therapeutic drugs. The members of EmployersRx strongly support ongoing public and private efforts to bring vaccines and therapeutic drugs to market as quickly as possible – but in the midst of a worldwide pandemic, it is critical that these products be affordable.

While these products will be globally available, the United States is the only developed country without a mechanism to ensure the price of drugs balance costs, efficacy and social good. Given the unprecedented nature of this global public health emergency, **it is vital that the federal government take aggressive action to ensure that the American people and health care purchasers are not subject to the price gouging** that has become all too common for other badly needed drugs.

The introduction of Remdesivir – a drug found to improve outcomes for some patients with severe cases of COVID-19 – offers a cautionary story. Like many other drugs, Remdesivir was developed, in part, using publicly funded NIH research. Nevertheless, Gilead is selling the drug to private insurers for more than \$3,000 for a one-week course of treatment. This price is between two and five times the cost necessary for the drug maker to recoup its costs (depending on underlying

assumptions of cost recapture),¹ and five times higher than a reasonable price based on a domestic reference price.²

Federal taxpayers, including the employers and purchasers represented by our organizations, have already invested heavily in the development of a COVID-19 vaccine. To date, the federal government has allocated more than \$10 billion toward COVID-19 vaccine research and production³. Further, the Department of Health and Human Services has already purchased more than 200 million doses of forthcoming vaccines being developed by several manufacturers, with the option of purchasing hundreds of millions more doses.⁴

EmployersRx endorses the following principles to ensure everyone in our country has access to affordable COVID-19 vaccines and therapeutic drugs.

No Charge for Federally Purchased Vaccine Doses

In response to the unprecedented public health emergency, the federal government has “pre-ordered” more than 200 million COVID-19 vaccines from multiple manufacturers. Vaccine doses purchased by the government and distributed to individuals should be provided at no cost to employers, payers and individuals. Providers administering the vaccine may charge a reasonable administration fee to purchasers, subject to a federal cap.

Establish Fair Prices for All Purchasers

Beyond the vaccine doses purchased and distributed by the federal government, as the largest single purchaser of drugs, the federal government should establish a fair Medicare price for COVID-19 vaccines and therapeutic drugs. The federal government should protect all consumers and purchasers from COVID-19 price gouging by allowing all private purchasers to buy COVID-19 vaccines and treatments at the same price as Medicare.

The price should take into account:

- Clinical efficacy and cost efficiency, including the cost of production and the cost of research and development
- The level of investment already borne by taxpayers in research costs and production
- The price of the drug or vaccine in other industrialized countries.

Further, participants in the supply chain and medical providers must be prohibited from selling or charging for doses of vaccine that have already been paid for by states or the federal government.

We very much appreciate the dedicated work that you and the entire Department of Health and Human Services have conducted to bring safe and effective vaccines to market in record time.

¹ https://icer-review.org/wp-content/uploads/2020/06/ICER-COVID_Revised_Report_20200624.pdf

² <https://www.westhealth.org/health-affairs-pricing-remdesivir-a-domestic-reference-price-approach/>

³ <https://www.usatoday.com/story/news/health/2020/08/08/feds-spending-more-than-9-billion-covid-19-vaccine-candidates/5575206002/>

⁴ <https://www.hhs.gov/about/news/2020/07/22/us-government-engages-pfizer-produce-millions-doses-covid-19-vaccine.html> and <https://www.hhs.gov/about/news/2020/08/11/trump-administration-collaborates-with-moderna-produce-100-million-doses-covid-19-investigational-vaccine.html>

Thank you for your consideration of our recommendations. With any questions, please contact Shawn Gremminger, Director of Health Policy at the Pacific Business Group on Health at: sgremminger@pbgh.org.

Sincerely,

The ERISA Industry Committee
National Alliance of Healthcare Purchaser Coalitions
Pacific Business Group on Health
Silicon Valley Employers Forum

cc: Seema Verma, Administrator, Centers for Medicare and Medicaid Services
Nancy Pelosi, Speaker, United States House of Representatives
Kevin McCarthy, Minority Leader, United States House of Representatives
Mitch McConnell, Majority Leader, United States Senate
Chuck Schumer, Minority Leader, United States Senate