

Addressing high prices of pharmaceutical products (and other technologies) covered under Medicare

ISSUE: An important driver of growth in Medicare spending is the use of new technologies, including prescription drugs and biologics. Generally, Medicare has had only an indirect influence on how new technologies are priced. Medicare has lacked or has not used tools to strike a balance between providing financial rewards for innovation with value and affordability of care for beneficiaries and taxpayers. Medicare also lacks tools to promote price competition among drugs with therapeutic alternatives.

KEY POINTS: Staff will present approaches for Medicare to address (1) high prices for new “first-in-class” drugs, and (2) high and growing prices for drugs or new products with therapeutic alternatives.

ACTION: Commissioners will provide feedback on potential policy approaches.