

August 26, 2019

The Honorable Alex M. Azar, II  
Secretary  
United States Department of Health and Human Services  
Hubert H. Humphrey Building  
200 Independence Avenue, S.W.  
Room 445-G  
Washington, DC 20201

Dear Secretary Azar:

As you advance policies to reduce prescription drug spending, we respectfully ask that you harness payment and cost-sharing incentives to increase biosimilar adoption, lower patient out-of-pocket costs and produce savings for the entire health care system.

Alignment of incentives across Medicare programs that encourage the use of biosimilars are integral to development of the U.S. market, leading to increased biosimilar usage and unlocking immense savings in the U.S. health care system. As diverse stakeholders who believe that more needs to be done to ensure that patients and taxpayers benefit from the cost-savings potential of biosimilars, we ask you to support reducing or eliminating out-of-pocket costs for Medicare Part B patients taking a biosimilar.

As you know, biologics, medicines created by living cells, are currently treating some of the most challenging diseases, and while they offer tremendous value to patients, they often have a high cost. Biosimilars are lower-cost alternatives to originator biologics with no clinically meaningful differences in safety or efficacy. These therapies represent an opportunity to improve the health and well-being of millions of Americans and, at the same time, save U.S. taxpayers billions in health care costs.

Currently marketed biosimilars list price are on average 47% less than their respective reference products<sup>1</sup> and have the potential to save the U.S. as much as \$54 billion over the next decade.<sup>2</sup> Despite this, adoption has been slow. Biosimilars have struggled to gain a foothold in the market while the originator biologics maintain a clear majority. Evidence suggests that a lack of physician, patient, and payer incentives are impeding use of biosimilars, blocking potential savings.

Also, despite Medicare's protections, enrollees can face thousands of dollars in annual out-of-pocket costs for biologics, creating affordability and access barriers for patients in Part B. Nearly 15% of Medicare Part B enrollees pay the full 20% coinsurance for their reference biologic, while others only have supplemental insurance that only covers a portion of the 20%.

Reducing or eliminating patient out-of-pocket costs for biosimilars with a lower Average Sales Price (ASP) than their respective reference product would increase affordability and access to

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<sup>1</sup> Analysis of IQVIA WAC Data April 2019.

<sup>2</sup> RAND Corporation. [Biosimilar Cost Savings in the United States](#). 2017

these lifechanging therapies, helping to develop a more robust biosimilar market in the U.S. Indeed, your agency’s own FY2020 budget proposal calls for “harnessing payment and cost-sharing incentives to increase biosimilar adoption.” The increased affordability will help improve patient adherence to medications, leading to better health outcomes, lowering health care costs, and creating savings for taxpayers by reducing Medicare spending.

Changes in Medicare payment policies, which would allow patients better access to lower-cost biosimilars, are in your control. We implore you to take meaningful action to help millions of Americans struggling to pay their health care bills.

Thank you for your consideration.

Sincerely,

Allergy & Asthma Network  
Alliance for Aging Research  
American Cancer Society Cancer Action Network  
American Consumer Institute  
AmerisourceBergen  
Association of Community Cancer Centers  
Black Women’s Health Imperative  
*CancerCare*  
Caregiver Action Network  
Caregiver Voices United  
Center for Freedom and Prosperity  
Coalition to Reduce Spending  
CVS Health  
Employers Health  
Hematology/Oncology Pharmacy Association  
Leukemia & Lymphoma Society  
Lupus Foundation of America  
National Consumers League  
Pacific Business Group on Health  
Prevent Cancer Foundation  
USP

CC:

The Honorable Seema Verma  
Sen. Charles Grassley  
Sen. Ron Wyden  
Cong. Richard Neal  
Cong. Kevin Brady  
Cong. Frank Pallone  
Cong. Greg Walden