

THE **BURDEN** OF CANCER DRUG PRICES ON PATIENTS. THE **RELIEF** IN THE INFLATION REDUCTION ACT.

INTRODUCTION

Cancer care is too often cost prohibitive in the United States with excessively priced prescription drugs driving burdensome costs for patients. Prior to the **Inflation Reduction Act**, people with Medicare Part D faced unlimited out-of-pocket costs for prescription drugs, creating a particular financial burden for people with cancer. In the next few years, implementation of the drug pricing provisions in the Inflation Reduction Act will bring much-needed relief for millions of people, including those living with cancer. This report describes the impossible decisions faced by people living with cancer as a result of excessively high drug prices in the United States and highlights the relief provided by the Inflation Reduction Act, signed into law by President Biden in 2022. Ninety-nine percent of cancer patients studied in this analysis will benefit from the \$2,000 out-of-pocket cap in 2025, realizing an average savings of \$7,590. Of the blockbuster medications studied in this report, beneficiaries who take Revlimid and Pomalyst will realize the greatest savings.

PART I: CANCER & HIGH DRUG PRICES

Brand-name drug prices in the United States are two to four times higher than in other comparable countries. As a result, many patients delay or skip needed medications. Rationing of medicines can lead to exacerbation of chronic disease, worsening health, or even death. The problem is especially dire for seniors in the United States. In 2019, 3.5 million adults over the age of 65 reported difficulty affording their medications. Older Black and Latino adults report affordability concerns at higher rates, reflecting the health disparities that result from high drug prices. The excessive prices of common cancer drugs cause disproportionate harm to seniors, who are most likely to be affected by the disease.

PART II: PEOPLE ON MEDICARE AND CANCER DRUGS

For people living with cancer who are on Medicare Part D, the price of prescribed medication plays a pivotal role in whether they can actually take the treatment as directed by their medical team. This is because most people on Medicare are not insulated from high costs — instead, most patients pay a percentage of the overall price of a medicine². In addition to these percentage payments, also called “coinsurance,” **there has historically been no limit placed on the amount of money people paid out-of-pocket each year.** As a result, people living with cancer can face annual out-of-pocket costs of more than \$16,500.

Cancer was the cause of nearly one in five deaths in the U.S. in 2020. In 2023 alone, approximately 2 million people will be diagnosed with the disease. The majority of people with cancer are on Medicare, the taxpayer-funded health insurance program for people over 65 years of age and those with certain disabilities. Almost 1 million people with a Medicare drug plan (Part D¹) will receive a new cancer diagnosis annually. The prescription drugs that treat cancer can improve symptoms, extend life, and keep patients in remission — but they often come at a steep financial cost. Between 2017 and 2021, the average initial price of a new Part D cancer drug rose by more than 25% to over \$235,000 yearly when adjusted for inflation. Pharmaceutical companies then raise the prices on these drugs year after year.

These out-of-pocket costs can be prohibitively expensive for people living with cancer, especially seniors who are often on a fixed income. For certain high-cost cancer drugs, Part D patients spent between \$8,000 and \$16,500 out of pocket in 2019, and that number is even higher today. Price growth on cancer drugs outpace other classes of medication; between 2009 and 2019, 74% of the cancer drugs examined by researchers had price increases that outpaced inflation — despite no change in clinical efficacy. Since cancer drugs carry an exorbitant price tag, even small percentage increases can translate into hundreds of dollars of costs to patients. For example, a seemingly modest price hike of 3.3% in 2020 on cancer drug Keytruda translated into an average of \$6,000 more in spending per patient by Medicare.



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¹ Part D is the optional retail pharmacy benefit provided for Medicare enrollees.

² Some patients receive “low-income subsidies” which can limit out-of-pocket costs to a nominal copay such as \$10.



TAXPAYER SPENDING ON CANCER DRUGS IN MEDICARE

COST TO TAXPAYERS IS HIGH & RISING

The impact of expensive cancer drugs is not limited to what people living with cancer pay at the pharmacy counter. All patients and taxpayers bear the rising prices because Medicare is a public program funded by taxpayers. Every dollar U.S. taxpayers pay in unjustified prices to pharmaceutical companies is a dollar that cannot be invested into other vital programs and agencies — including the cutting-edge research driven by the National Institutes of Health (NIH) that leads to the development of innovative new drugs.

BY THE NUMBERS:



- Despite the fact that individual cancer drugs often treat relatively small numbers of patients, they regularly rank as among the **most costly** drugs paid for by taxpayers through Medicare.



- Cancer drug Revlimid is the #2 costliest drug for Medicare Part D, with **\$5.8 billion** in taxpayer spending in 2021 to treat just 45,000 patients.



- In 2021, just the top five costliest cancer medications accounted for nearly **\$15 billion** in Medicare spending.

PART III: HEALTH AND FINANCIAL CONSEQUENCES FROM HIGH CANCER DRUG PRICES

People living with cancer who are struggling to cover steep treatment prices have two options: they can fill the prescription and risk significant financial hardship, or they can abandon the prescription and experience worsening health or even death.

The financial implications of adhering to an expensive cancer medication include financial distress, accrual of debt, and even bankruptcy. Surveys of people living with cancer revealed that half have incurred medical

debt, **70% worry about affording care, and more than 40% spend their entire life savings in the first two years of treatment.** Another study of people on Medicare living with cancer found that 30% left a high-priced prescription medicine unfilled.

Abandoning a cancer prescription due to cost can result in grave health consequences including worsening symptoms, disease spread, or even death.

PART IV: A CLOSER LOOK AT SEVEN HIGH PRICED MEDICATIONS

Brand-name cancer medications with blockbuster price tags are particularly burdensome for people on Medicare. We examined seven high-priced cancer drugs and the impact of their prices on patients.

A CLOSER LOOK AT SEVEN HIGH PRICED MEDICATIONS

IBRANCE

PFIZER

Ibrance is a breast cancer medication that came to the market in 2015 at an eye-popping \$9,850 per bottle or \$469 for a single pill. The high cost of breast cancer drugs has forced patients to use up all their savings and go into debt. Nearly half of surveyed young women with breast cancer cited worsening financial circumstances due to average annual costs of treatments that can range from \$20,000 to \$100,000. The hardship for patients has not deterred Pfizer — the company has raised the price of Ibrance every single year since 2015, bringing today's price to more than \$15,000 per bottle. The prices are burdensome to patients and considerable to taxpayers. In 2021, Medicare spent more than \$1.8 billion on this drug.

JAKAFI

INCYTE

Jakafi treats blood disorders including an uncommon cancer called myelofibrosis. Incyte has pursued relentless price increases since 2011, including seven price hikes since the beginning of the COVID-19 pandemic in 2020 — a period of time when families in the U.S. and patients were in grave health and financial distress. Patients now pay more than \$150 more each month, despite no added clinical value since the drug was introduced in 2011. In 2021, Medicare spent over \$1.4 billion in taxpayer funds on this drug.

IMBRUVICA

PHARMACYCLICS,
JOHNSON & JOHNSON

Imbruvica, which treats multiple cancers, is one of the best-selling drugs in the world. With eleven price hikes, almost all above the rate of inflation, the manufacturer has more than doubled the price of the drug since it came to market in 2013. Patients now pay more than \$17,000 for a monthly supply of the medicine. Taxpayers also bear the burden of these unjustified prices as Imbruvica is the seventh most costly drug to the entire Medicare Part D program, with taxpayers spending more than \$3.1 billion on the drug in 2021.

POMALYST

GELGENE/BRISTOL MYERS SQUIBB

Celgene/Bristol-Myers Squibb (BMS) has hiked the price of this multiple myeloma drug fifteen times — often multiple times each year — since it came to market in 2013. As a result, patients who depend on Pomalyst are now forced to pay over \$21,000 for one 28-day course of treatment. It's not only patients who shoulder these exorbitant prices. In 2021, Medicare Part D spent over \$1.5 billion on the drug for more than 12,500 people.

REVLIMID

GELGENE/BRISTOL MYERS SQUIBB

Celgene/BMS has almost tripled the price of Revlimid — a drug to treat multiple myeloma — since it came to market in 2006. Despite being on the market for more than 15 years, the drug remains one of the best-selling products in the world. Much of these sales are paid for by taxpayers, with Medicare Part D spending over \$5.8 billion on the drug in 2021 for 45,601 beneficiaries.

SPRYCEL

BRISTOL MYERS SQUIBB

Sprycel came to market in 2006 with a price of just over \$3,500 per month. In the intervening years, BMS has unjustifiably raised the price on the leukemia drug 25 times. The hikes have been made annually — or even more frequently — and usually above the rate of inflation, bringing the price of the drug to \$18,635 per month at the beginning of 2023. In 2021, Medicare Part D spent about \$90,000 for every beneficiary on the drug.

XTANDI

ASTELLAS

Xtandi is used to treat prostate cancer — the second most common cancer in men and a disease that disproportionately affects Black men. After Astellas' twelve price hikes on the drug since 2012, patients who rely on Xtandi now pay over \$13,600 for a monthly supply of the drug. While patients suffer, Astellas is accruing unjustified profits on a drug that taxpayers themselves paid to develop.

THE HARM OF HIGH PRICES ON PEOPLE LIVING WITH CANCER



In December of 2011, I was diagnosed with multiple myeloma, a blood cancer that is terminal and incurable. I was a critical care nurse at the time and was making a good salary, but when I was diagnosed, I went from earning a stable income to receiving a disability check that barely met my monthly needs. The cost of my medicines, mainly **Revlimid** with its monthly price of around \$19,000, has drained my savings, retirement pension, and 401(k)."



JANET KERRIGAN

Myrtle Beach, SC



To keep my multiple myeloma cancer at bay, I take a medication called **Revlimid**, which costs me \$20,000 each year on Medicare. To afford it, I have fundraised, searched for grants, sold furniture and my husband's truck, and zeroed out our savings. The price of Revlimid has had real impacts on my husband and my quality of life. It is already unfair that I am likely to leave my husband all alone sooner than I would like, but now I fear of leaving him bankrupt as well."



JACKIE TRAPP

Muskego, WI



Since September 1997, I have been living with polycythemia vera (PV), which is a rare blood cancer. In December 2014, I began taking **Jakafi** to control the production of my red and white blood cells. Without Jakafi, I would have lost my battle with PV in 2015. Through Medicare, that single prescription now costs me a total of \$10,044 annually. The extra costs have created financial challenges for me and my wife. It forced us to cut back on vacations and other non-essential spending, and led me to do some additional consulting work even though I'm retired, just to ease the burden of this drug's price."



GARY GROSS

Cleveland, OH



For my leukemia, my oncologist prescribed the oral chemotherapy **Imbruvica**, which has a monthly list price of over \$17,000. Every year since 2014, Imbruvica's price increases have outpaced inflation, putting it even further out of reach. I rely on grants each year to cover the cost, and constantly stress about whether my funding will renew for the next year!"



LYNN SCARFUTO

Herkimer, NY

PART V: HOW THE DRUG PRICE AND COST PROVISIONS IN THE INFLATION REDUCTION ACT PROVIDE RELIEF TO TAXPAYERS AND PATIENTS

The Inflation Reduction Act was signed into law in 2022 and includes policies that will benefit patients, especially older Americans with cancer.

HERE ARE THREE KEY PROVISIONS:

Medicare negotiation: For the first time, Medicare will be required to negotiate lower drug prices on some of the most costly drugs.

Curbs to drug company price gouging: For the first time ever, the Inflation Reduction Act will penalize drug companies for increasing drug prices faster than the rate of inflation.

Medicare Part D out-of-pocket caps: For the first time ever, there will be an annual limit on the amount Medicare Part D beneficiaries pay for the prescriptions they pick up at the pharmacy. In 2025, that limit is set at \$2,000.

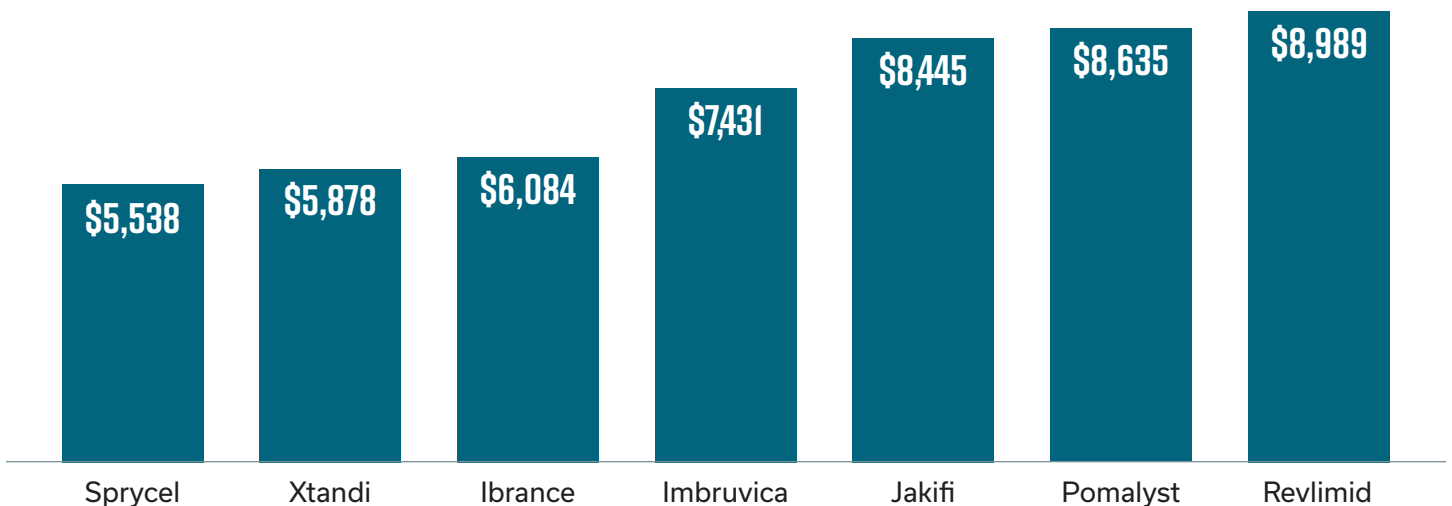


NEGOTIATING LOWER PRICES FOR CANCER DRUGS IN MEDICARE

Three critical cancer drugs are likely to be among the first medicines picked for Medicare negotiation under the new authority provided by the **Inflation Reduction Act**. According to [several recent analyses](#), blockbuster products Ibrance, Imbruvica, and Xtandi may be among the first products negotiated under the Centers for Medicare and Medicaid Services (CMS) new program. According to [CMS](#), selected drugs will be scrutinized based on many factors including clinical benefit and whether they address unmet medical needs.

Estimated Savings on Select Cancer Medications

Estimated annual patient savings from \$2,000 out-of-pocket cap in Part D from the Inflation Reduction Act



Savings estimated by applying the expected, standard benefit design for 2025.

Because people living with cancer on Medicare are often subject to high out-of-pocket costs, the \$2000 out-of-pocket cap provision in the Inflation Reduction Act will provide extraordinary relief and needed predictability in costs. In order to quantify the positive impact of this provision, Patients For Affordable Drugs partnered with NORC at the University of Chicago to estimate how many people will be helped and how much savings they can expect. The analysis addresses people who are taking cancer drugs broadly as well as the seven medications mentioned in the previous section: Ibrance, Imbruvica, Jakafi, Pomalyst, Revlimid, Sprycel, and Xtandi. For a detailed description of NORC's methodology in this analysis, see [here](#).

Findings are detailed in the graphic below.

KEY FINDINGS

THE \$2,000 CAP IN THE INFLATION REDUCTION ACT BRINGS RELIEF TO CANCER PATIENTS

61,968

The number of people with traditional Medicare* who get a brand-name cancer drug through Medicare Part D.

\$9,590

Estimated out-of-pocket spending for this group in 2025 absent the Inflation Reduction Act.

\$8,074

Average annual out-of-pocket spending for this population**

\$7,590

Average projected annual savings in 2025 for patients on cancer drugs because of the \$2,000 out-of-pocket cap. Some beneficiaries, however, will save up to \$19,296.

99%

61,378 people on brand-name cancer drugs — or 99% of the group we examined — will be helped by the out-of-pocket cap in 2025. Millions more taking other expensive drugs will realize huge savings as well.

**Excludes people who receive low-income subsidies, those enrolled in employer group plans, and anyone not continuously enrolled for the year. This group consists of traditional enrollees and not the more than 50% of beneficiaries who are in Medicare Advantage plans, many of whom will also save.*

***Estimate includes all drugs they take including the cancer drug of interest.*

HOW THE **INFLATION REDUCTION ACT** PROVISIONS HELP PEOPLE LIVING WITH CANCER



My inability to afford **Imbruvica's** astronomical price once my assistance runs out would certainly expedite my death. That's why an out-of-pocket cap for Medicare is so important to me. Knowing that even if I lost my grant, my portion of my drug's price would be limited to \$2,000 annually would allow me to continue on the medication responsible for keeping me alive."



LYNN SCARFUTO
Herkimer, NY



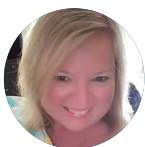
The price of **Revlimid** has had a huge impact on our lives — when I heard about the \$2,000 cap, I was almost too afraid to hope. We've been praying and fighting for this for years. It will be huge. The Medicare out-of-pocket cap will bring me and my husband peace of mind, knowing that my portion of my sky-high drug prices will be lower than it is now and that we'd have a reasonable limit if I lost my grant."



JACKIE TRAPP
Muskego, WI



No one should have to go bankrupt or have constant worry, wondering if the drugs that are keeping you alive will be covered. That is why the coming relief through the Medicare out-of-pocket cap will mean so much to me. I never asked for or expected to be diagnosed with such a horrible illness, and I know there are countless others out there who have trouble affording this necessary medication. We shouldn't have to worry about whether unpredictable grant funding will come through, or how we'll afford our pharmacy bill each month. The new provisions will help bring consistency and more affordable payments to Medicare beneficiaries like me."



JANET KERRIGAN
Myrtle Beach, SC



My wife and I have made great sacrifices to be able to afford my medication, while ensuring we don't burn all the funds we have to pay for my cancer drugs. I constantly think about how the cost of treatment will affect the financial resources I leave behind for my wife. The coming reforms, especially the limit on patients' costs in the catastrophic phase next year, and the \$2,000 out-of-pocket cap in 2025 will bring great thousands of dollars of relief to me, starting in just a few months. This will allow my wife and me more financial breathing room."



GARY GROSS
Cleveland, OH

CONCLUSION AND FUTURE LEGISLATIVE SOLUTIONS

The implementation of the **Inflation Reduction Act** will bring lower costs, increased certainty, and peace of mind to millions of people on Medicare. Because they are often subject to steep annual costs due to high priced treatments, people with cancer in particular will benefit significantly from the \$2,000 cap on out-of-pocket costs in Part D. The law will also curb annual price increases and bring down the prices of certain costly drugs that have been on the market for 9 to 13 years without competition. However, all people on Medicare — including those with cancer — are still subject to high prices when a drug first comes to market, also called “launch” prices. Patients need further congressional and administrative action to bring relief sooner after a new medicine is introduced, while ensuring continued innovation and fair profit for the manufacturer.

**TELL US HOW HIGH DRUG PRICES
ARE HURTING YOU.**

patientsforaffordabledrugs.org



FUTURE LEGISLATIVE OPPORTUNITIES: PATENT REFORM

Blockbuster medications often have one thing in common: they are heavily patented drugs. The cancer drugs Revlimid, Imbruvica, and Keytruda are all in the top ten drugs for U.S. sales in 2021 and their manufacturers have applied for more than 180 patents on each drug. Research shows that when drug corporations amass dozens of patents, competition from lower priced generics and biosimilars is delayed, leaving patients and taxpayers footing the bill for billions in unjust profits. Fortunately, there are bills in the 118th Congress that crack down on abuse of the patent and regulatory system. If these bills become law, they will enable more affordable drugs to come to market more quickly, providing relief for patients struggling to pay for overpriced medications.