GETTING THE FACTS STRAIGHT ON MEDICARE PART B AND THE PROPOSED INTERNATIONAL PRICING INDEX MODEL

Medicare Part B provides patients with access to physician-administered medicines, which include chemotherapy, infusion therapy and other significant medical breakthroughs. Recently, the Department of Health and Human Services released an alarming new proposal, the International Pricing Index (IPI) Model, which would set U.S. prices for medicines based on the pricing policies of foreign governments. In the midst of ongoing conversations about changing Part B, it is important to set the record straight on common misconceptions about the program and the administration's flawed proposal.

MYTH	FACT
Currently, there is no competition in Part B.	Part B medicines are reimbursed using the publicly available, transparent **Average Sales Price (ASP).** This price reflects most rebates and discounts that providers and payers privately negotiate with manufacturers. This methodology allows patients and the government to benefit from discounts negotiated in the commercial market by balancing access, affordability and continued medical progress. In fact, evidence shows the ASP system has worked well to control costs over the years. CMS has stated quarter after quarter that ASP for many of the top 50 medicines decreased due to "a number of **competitive market factors at work.**"
Manufacturers voluntarily lower prices in the 14 countries referenced in the IPI model.	In many countries, governments are the primary payer of health care and medicines and in effect dictate prices as a condition of market access. Biopharmaceutical companies are often forced to accept these prices or face further restrictions on coverage based on one-size-fits-all standards. Some countries have discriminatory policies or threaten to break patents on valuable new medicines. **Practices like these force artificially low prices, delay access to new medicines and keep some innovative treatments off the market entirely.**
The IPI model will not impact patient access to medicines.	**By importing price-setting policies and adding vendors to Medicare Part B, the IPI model is forcing changes that will disrupt patient care.** Patients living in foreign countries often experience delays to new and innovative treatments because of those countries' price-setting policies. For example, in several of the countries to be referenced by CMS **fewer than half of new cancer medicines** launched globally since 2011 are available. The IPI model would implement foreign reference pricing through vendors, which will want to use many of the same utilization management tools used in the commercial market to negotiate prices below the foreign reference price. These tools could restrict patient access and lead to worse health outcomes.
The IPI model will have a minimal impact on R&D of new medicines.	**Evidence shows price setting policies disincentivize lifesaving research and development.** Notably, price constraints in European countries have been shown to **reduce** the amount of global pharmaceutical R&D by a range of $5 billion to $8 billion annually, according to the U.S. Department of Commerce. The R&D impact of the IPI model could be particularly problematic because the large anticipated reduction in spending from the model would be borne by medicines that represent less than a third of total drug spending but account for some of the most exciting advances in the pipeline, including the more than 1,100 cancer medicines in development.
The IPI model would improve competition in Medicare.	**Price setting policies are the opposite of market competition.** According to the **White House Council of Economic Advisers**, prices of products in a free market "reflect their value as opposed to prices in government-controlled markets, which reflect political trade-offs." Further, the U.S. Department of Commerce **states** that biopharmaceutical companies are prohibited from charging a market-based price in many foreign countries for the products they manufacture.

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