

PNC PHARMA & LIFE SCIENCES

Monthly News Brief

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Medicare Reveals Results of Drug Price Negotiations *(BioPharma Dive)*

Under the Inflation Reduction Act, the U.S. government has been able to directly negotiate the prices of select drugs within Medicare for the first time. The U.S. government stands to save taxpayers \$6B on the prices it will pay for 10 widely used prescription drugs under its new authority to leverage Medicare's market power to reduce the cost of brand-name medicines. According to CMS, the negotiated prices for the initial 10 drugs range from 38% to 79% lower than the medicines' current wholesale acquisition cost set by drugmakers. The prices for the 10 drugs won't take effect until 2026. Drugmakers may choose not to accept the negotiated price, but would then either face a fine of up to 95% of their product's U.S. sales or have to withdraw all of their drugs from Medicare and Medicaid

Comer Threatens PBM Execs with Fines, Jail Time Over 'Fraudulent' Hearing Testimony Industry *(Fierce Healthcare)*

The leaders of the three largest pharmacy benefit managers are being accused of making fraudulent statements during a hearing last month on the industry. Rep. James Comer, chair of the House Committee on Oversight and Accountability, sent letters to the three PBMs calling for the CEOs to "correct" statements made to the panel that he says contradict findings from both the Committee and the FTC. While the report stopped short of saying that major PBMs should be broken up, it did say additional regulation of the industry would likely be necessary. It notes that the vertically integrated nature of these companies incentivizes them to direct PBM members to in-house pharmacies or other services to the detriment of independent facilities

Cell and Gene Therapy Investment, Once Booming, is Now in a Slump *(BioPharma Dive)*

Investment in developers of cell and gene therapies has nosedived in 2024, a sharp drop-off that investors and analysts say reflect manufacturing and drug delivery challenges. Makers of cell and gene therapies have only raised half of a billion dollars across 16 venture rounds YTD in 2024, well below the \$8.2 billion in funding brought in by the 121 deals during the sector's peak in 2021. Last year, cell and gene therapy developers raised \$3.5 billion across 65 deals

Here's Why Walgreens and CVS Retail Pharmacies are Struggling and What They're Doing to Fix it *(CNBC)*

Retail pharmacy chains such as Walgreens and CVS have pivoted from years of endless store expansions to closing hundreds of locations across the U.S. to shore up profits. Among the biggest problems for the chains, reimbursement rates for prescription drugs have fallen. Inflation, softer consumer spending, theft, and competition from Amazon and grocery stores are also making it difficult for drugstores to turn a profit at the front of the store, where they sell everything from pantry staples to makeup and cleaning supplies. Retail pharmacies likely won't disappear soon, especially as the American population ages and more people need to pick up prescriptions, but they may not need to "exist in their current form"

Employers Foresee Higher Health Costs Next Year Due to Rising Pharmacy Spend *(MedTech Dive)*

Large employers are bracing for a substantial increase in healthcare costs next year, driven by higher spending on medicines like the popular GLP-1 drugs for obesity. The predicted 7.8% spending increase is the highest projection in more than 15 years, based on survey of large employers that collectively cover ~10% of the more than 160 million Americans who receive insurance through their job. More than 75% of employers report being "very concerned" about overall pharmacy cost, while a majority expressed concerns about business practices in the pharmaceutical supply chain. Employers are also exploring new PBM partners. Next year, one-third of employers will reassess their current pharmacy benefits provider or request new bids from other vendors

FDA's Plan to Expand Device Surveillance Faces Challenges *(MedTech Dive)*

The Food and Drug Administration has taken steps to establish an active postmarket surveillance system to monitor medical device safety but has faced two key challenges. Federal law adopted in 2012 requires the FDA to establish an active postmarket surveillance system for medical devices. Actively assessing sources of real-world evidence such as electronic health records, billing claims, pharmacy data and registries could accelerate the identification of safety issues and find problems that may otherwise go undetected. However, FDA officials told the GAO limited use of unique device identifiers in electronic health records and billing claims and questions about how to fund the work have been key challenges

Mark Cuban Wants to Keep Shaking Up Healthcare. Here's Cost Plus Drug's Next Move *(Fierce Healthcare)*

Launched in January 2022, Cost Plus Drug Company is making waves in the industry. It works directly with drug manufacturers to bypass middlemen and lower prices. For consumers, the price of each drug includes a 15% markup as a profit margin, a \$3 pharmacy handling fee and a \$5 shipping fee. Cost Plus also transparently displays what it pays for its medicines. The company is now becoming a major disrupter in generic drug pricing. Cost Plus now sells about 2,500 medications, including some brand-name drugs, and it partners with a growing list of health systems. Cost Plus' approach seems to be making an impact as incumbent pharmacy giants like CVS and Walgreens are now following Cost Plus' blueprint to offer transparent drug pricing

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