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June 6, 2019

The Honorable Richard Neal
Chairman, House Ways and
Commerce Committee
United States House of Representatives
Washington, DC 20515

The Honorable Frank Pallone
Chairman, House Energy and
Commerce Committee
United States House of Representatives
Washington, DC 20515

The Honorable Kevin Brady
Ranking Member, House Ways and
Means Committee
United States House of Representatives
Washington, DC 20515

The Honorable Michael Burgess
Ranking Member, House Energy and
Commerce Committee
United States House of Representatives
Washington, DC 20515

Dear Chairmen Neal & Pallone and Ranking Members Brady & Burgess,

The American Academy of Neurology (AAN), the world's largest neurology specialty society representing over 36,000 neurologists and clinical neuroscience professionals, is strongly committed to improving the care and outcomes of persons with neurologic illness in a cost-effective manner.

One in six people live with a brain or nervous system condition, including Alzheimer's disease, Parkinson's disease, stroke, epilepsy, traumatic brain injury, ALS, multiple sclerosis, and headache. The annual cost of treating these disorders in the US is more than \$600 billion, and prescription drugs for neurologic conditions are increasingly expensive. Neurologists seek to provide high-value care for their patients at the lowest cost possible.

The AAN applauds the Ways and Means and Energy and Commerce Committees for conducting several meaningful hearings this year and for advancing legislation aimed at lowering prescription drug costs for 46 million Medicare Part D beneficiaries. In response to the Committee's solicitation for feedback, AAN supports creating a Medicare Part D out-of-pocket prescription drug cost maximum based on the current catastrophic threshold. We also urge the Committees to work toward ensuring that any shift in risk does not further increase the use of utilization management tools by insurers.

Support for a cap on out-of-pocket drug costs

Prescription drugs for neurologic conditions are some of the most expensive on the market. Medications prescribed by neurologists accounted for \$5 billion in Medicare Part D payments in 2013¹, which trailed only internal medicine and

¹ Lott, Lindsey B. De, et al. "Medicare Part D Payments for Neurologist-Prescribed Drugs." *Neurology*, vol. 86, no. 16, 2016, pp. 1491–1498., doi:10.1212/wnl.0000000000002589.

family practice amongst specialties. High drug prices create unnecessary challenges for neurologists to deliver accessible and affordable care for their patients.

These challenges are compounded by the high out-of-pocket costs patients pay to treat and manage neurologic conditions. One illustrative example of this extreme burden is the out-of-pocket costs paid by multiple sclerosis (MS) patients. According to a recent study, the average Medicare Part D annual out-of-pocket costs across disease-modifying therapies (DMTs) for MS is \$6,894 per patient², an amount beyond the current catastrophic threshold of \$5,100. MS is also a chronic condition, meaning many patients will be on these drugs for life, and their costs continue to rise annually. Many MS DMTs are not new, yet the average annual out-of-pocket costs in 2019 for several specialty drugs in Medicare Part D, including three MS DMTs, are 12 percent higher than in 2016.³ Dramatic price increases have also been found in brand name drugs for other neurologic conditions including peripheral neuropathy, dementia, and Parkinson's disease.

The current extremely high levels of cost-sharing for neurologic conditions are unaffordable for many patients with neurologic disorders and act as a barrier to care. As such, the AAN supports creating an out-of-pocket maximum for prescription drugs costs for Medicare beneficiaries in Part D based on the current catastrophic threshold.

Protect patients from increased utilization management tools driven by increased risk

As drug prices increase, access to needed therapies is restricted as payers adopt practices to limit choice and shift costs to the individual. Utilization management tools such as step therapy and prior authorization are time consuming and expensive administrative requirements that take away from direct patient care and reduce access to prescribed therapies. According to a recent survey from the American Medical Association (AMA), physicians in the United States average 31 prior authorizations a week, taking an average of 15 hours a week to process.⁴ Addressing the burden of prior authorization requires the hiring of additional full-time employees for many practices and can be another source of waste within the health care system. The AAN is very concerned by the expansion of prior authorization and step therapy throughout the health care system and opposes further interference by payers in the physician-patient decision-making process.

If Congress chooses to have insurers assume increased risk within Medicare Part D catastrophic coverage, insurers may expand burdensome step therapy and prior authorization requirements even further in an attempt to keep patients from reaching the catastrophic threshold. The AAN implores both Committees to ensure that patients and providers are not further burdened by inappropriate utilization management driven by shifting risk to insurers.

Patients and providers do not set the prices of drugs. Ultimate accountability for these prices should fall on the manufacturers that set unreasonable list prices, as well as the other actors in the system. Formulary controls incentivize insurance companies to artificially prefer one drug over another without clinical reason, even when drugs have similar wholesale acquisition costs. These controls mask exorbitantly high list prices and substitute financial incentives for the medical decision-making

² <https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2018.05357>

³ <https://www.kff.org/medicare/issue-brief/the-out-of-pocket-cost-burden-for-specialty-drugs-in-medicare-part-d-in-2019/>

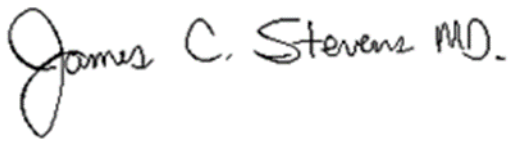
⁴ <https://www.ama-assn.org/system/files/2019-02/prior-auth-2018.pdf>

of clinicians. The practice of insurers and pharmacy benefit managers (PBMs) favoring one drug over another through formulary changes and step edits, without a clinical basis, remains a persistent obstacle to providing high-quality patient care.

Conclusion

We thank the Ways and Means and Energy and Commerce Committees for the focus placed on addressing the high costs of prescription medications in the United States and we look forward to working with you to address this critical issue. If you have any questions or requests for additional information, please contact Derek Brandt, AAN's Director, Congressional Affairs, at dbrandt@aan.com.

Sincerely,

A handwritten signature in black ink that reads "James C. Stevens MD." The signature is written in a cursive style with a large, looped initial "J".

James C. Stevens, MD, FAAN
President, American Academy of Neurology