

## The dissonance between ICER's reported figures and inflation-adjusted calculations raises concerns that skewed data could shape policy decisions and public narratives.

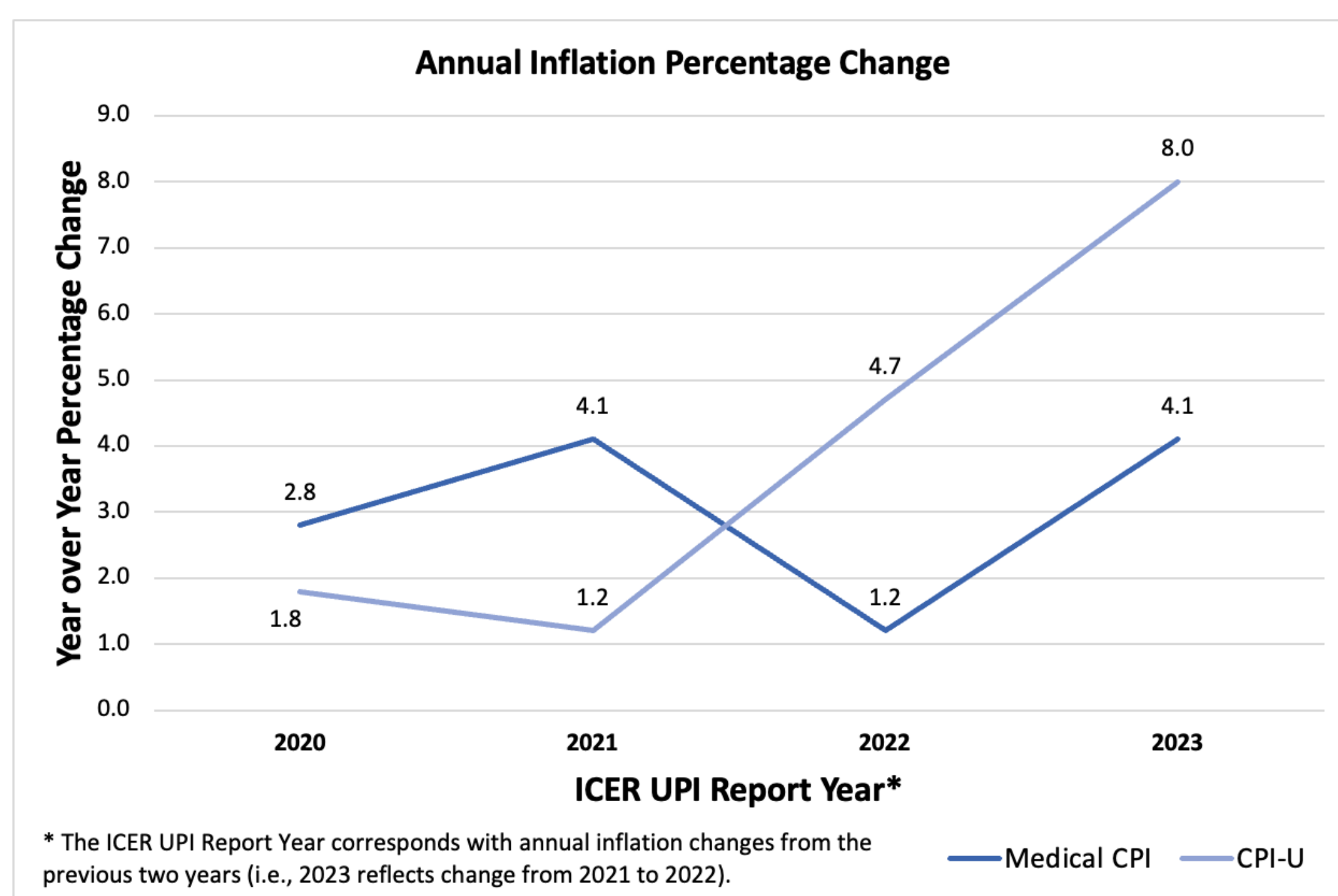
### BACKGROUND & OBJECTIVE

- The Institute for Clinical and Economic Review (ICER) publishes an annual Unsupported Price Increase (UPI) report that emphasizes the annual increase in "unsupported" drug spending due to net price changes.<sup>1</sup>
- Best practices urge that economic analyses be presented in 'real terms' (i.e., present value) by adjusting for inflation differences in cost over time.<sup>2</sup>
- Despite allowing for medical inflation in the UPI protocol, ICER's reported annual increases in spending are not accordingly adjusted for inflation.
- This study aimed to compare ICER's unadjusted findings to the inflation-adjusted findings to evaluate the real impact on drug spending.

### METHODS

- Revised ICER's unadjusted findings by applying separate inflation adjustments using Medical CPI and CPI-U specific to the time period in question (e.g., 4.05% and 8.01%, respectively, for the 2021 to 2022 time period).<sup>3,4</sup>
- Year-over-year annual inflation percentage changes in Medical CPI and CPI-U are presented in **Figure 1**.
- Inflation-adjusted net price percentages were used to recalculate corresponding changes in drug spending via a linear ratio.
- Analyzed all instances of "unsupported" price increases from ICER's four most recent UPI reports (2018-19 through 2021-22), totaling 31 cases involving 23 distinct drugs, with some like Humira (adalimumab) and Xifaxan (rifaximin) appearing in multiple reports.

**Figure 1. Annual Inflation Percentage Changes**



### RESULTS

- Table 1** expands upon the primary table from ICER's 2023 report, highlighting the impact of inflation adjustment on estimated drug spending from 2021 to 2022.
- ICER estimated a \$386 million increase in Humira spending; inflation adjustments using Medical CPI and CPI-U reveal **decreases** of \$416 million and \$1.2 billion, respectively, challenging ICER's narrative of rising costs. (**Table 1**)

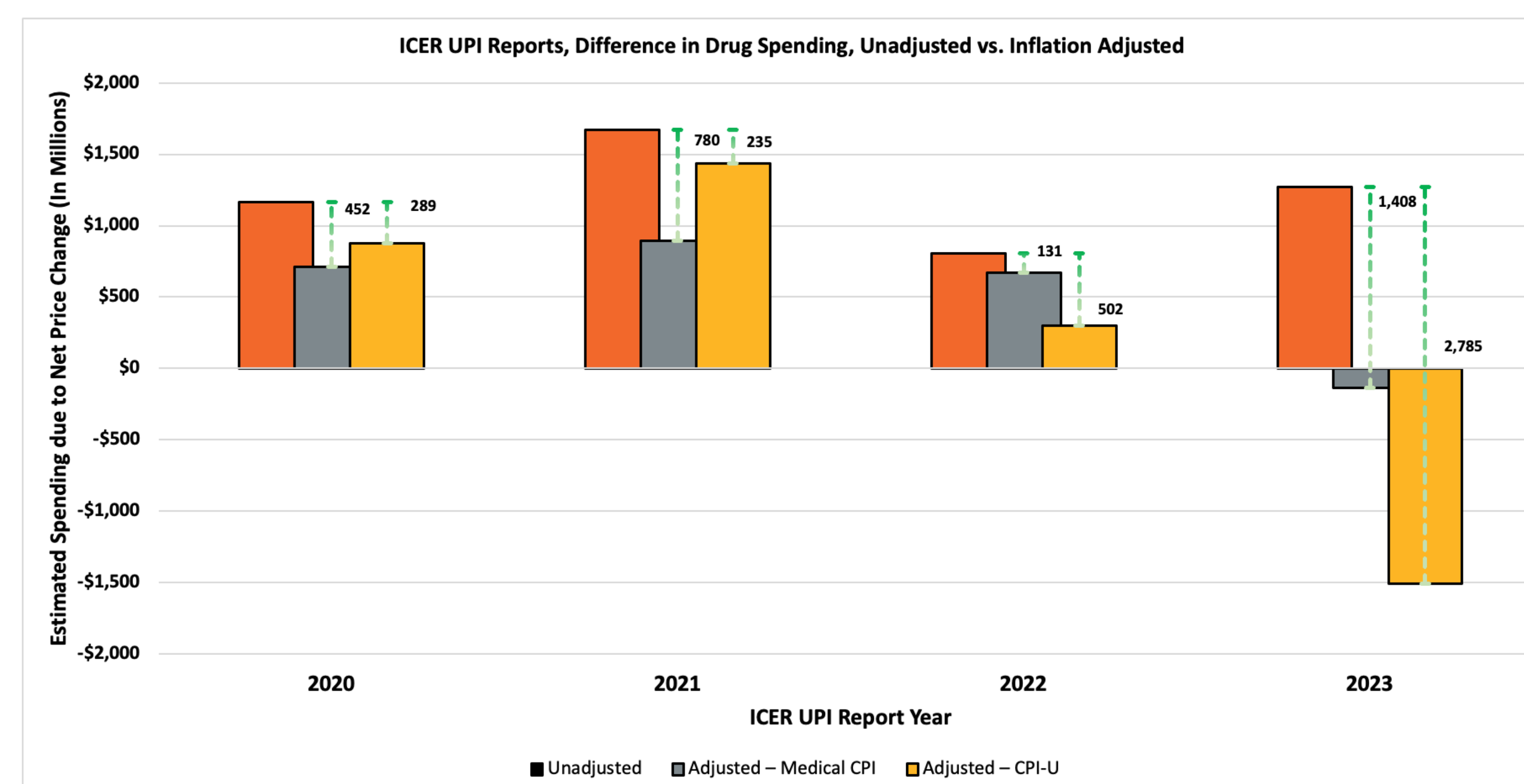
**Table 1. Unadjusted versus Inflation-Adjusted Findings from the 2023 UPI Report Year**

Brand Name	Generic Name	WAC, % Change*	Net Price, % Change*	Change in Drug Spending Due to Net Price Change, \$ (in Millions)*	Medical CPI Adjusted Net Price, %	Change in Drug Spending Due to Net Price Change, Accounting for Medical CPI, \$ (in Millions)	CPI-U Adjusted Net Price, %	Change in Drug Spending Due to Net Price Change, Accounting for CPI-U, \$ (in Millions)
Humira*	Adalimumab	7.11	1.95	386	-2.10	-416	-6.06	-1200
Darzalex*	Daratumumab	6.80	6.18	248	2.13	85	-1.83	-73
Ibrance*	Palbociclib	6.92	4.45	151	0.40	14	-3.56	-121
Prolia*	Denosumab	7.64	5.99	140	1.94	45	-2.02	-47
Xifaxan*	Rifaxamin	6.48	5.83	98	1.78	30	-2.18	-37
Xgeva*	Denosumab	7.53	7.23	97	3.18	43	-0.78	-10
Perjeta*	Pertuzumab	6.08	6.07	91	2.02	30	-1.94	-29
Adcetris*	Brentuximab Vedotin	8.69	8.92	63	4.87	34	0.91	6
Jakafi	Ruxolitinib	8.33	5.16	118	1.11	25	-2.85	-65
Entresto	Sacubitril/Valsartan	7.96	2.56	57	-1.49	-33	-5.45	-121

\* Drugs which ICER determined to have a price increase "unsupported by new clinical evidence" and thus, factored into total drug spending estimates; Assessing drugs from 2021 to 2022

- Figure 2** offers a comprehensive overview of the total drug spending on medications deemed "unsupported" by ICER across the previous four reports.
- Inflation adjustments reveal a substantial reduction in estimated spending increases, particularly in 2023, where the CPI-U adjustment leads to an estimated decrease (not increase) of up to \$1.51 billion in health care spending. (**Figure 2**)

**Figure 2. ICER UPI Reports, Difference in Estimated Drug Spending, Unadjusted vs. Inflation Adjusted**



### CONCLUSIONS & DISCUSSION

- When adjusting for inflation using either Medical CPI or CPI-U, a consistent trend of reduced 'real' spending emerged across all four report years.
  - For example, the \$1.27 billion unadjusted rise in healthcare spending<sup>5</sup> (2023 report) becomes a reduction in year-over-year real spending.
- The dissonance between ICER's reported figures and the inflation-adjusted calculations raises concerns that skewed data could shape policy decisions and public narratives.
  - The National Academy for State Health Policy's use of these reports to draft legislation aimed to influence prescription drug prices demonstrates a direct translation of ICER's findings into potential regulatory action.<sup>6</sup>
- Poor policy based on UPI report recommendations can have implications for patients, leading to unnecessary medication access challenges and financial burdens if the misinterpretation of unadjusted drug price increases leads to ill-informed formulary restrictions or increased cost-sharing.

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