

Association of reference pricing with drug selection and spending

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Researchers from the University of California at Berkeley School of Public Health analyzed trends in drug selection and outlays before and after the adoption of reference pricing.

Researchers from the University of California at Berkeley School of Public Health analyzed trends in drug selection and outlays before and after the adoption of reference pricing. Under the policy, insurance firms or employers place a cap on how much they will pay toward the widely variable cost of a specific drug or procedure, with the patient responsible for any balance. The UC Berkeley study focused on more than 1.1 million prescriptions for 1,300-plus different drugs that were reimbursed from 2010–14. Selection and spending patterns were compared between one private U.S. employee group that was subjected to reference pricing and another that was not. Investigators discovered that reference pricing drove down the average price paid per prescription and increased the share of prescriptions filled for the most affordably priced drug in its therapeutic class. At the same time, patient copays escalated under the policy. During the first 18 months post-implementation, the researchers report, employer expenditures were \$1.34 million lower and employee copays were \$0.12 million higher in the study group compared with the comparison group.

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