On its own, Trump admin's price disclosure policy unlikely to help curb drug prices

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The Trump administration's proposal to require pharmaceutical companies to publish drug prices in TV ads is unlikely to help control drug prices, according to a study publishing Jan. 22 in *JAMA Internal*

Medicine.

While the research found that price disclosure for expensive drugs significantly reduced demand for those drugs, those effects were significantly mitigated when ads included a modifier, such as language explaining that the medication would be low cost or no cost because of insurance coverage or other discounts.

"Will price disclosure work at all? The answer is yes: price disclosure works, absent anything else," said co-author Bill Tayler, professor of accounting at BYU. "But in a world where pharmaceutical companies behave logically, they will surely use a modifier of sorts that would unwind the entire benefit of this legislation."

For the study, Tayler and researchers at Johns Hopkins and Clemson showed 580 participants one of five ads for a fictional diabetes prescription drug, Mayzerium. (The participants had been told to assume they had recently been diagnosed with type 2 diabetes.) The ad in the control condition made no mention of the drug's price while the other four disclosed either a low ($50 a month) or a high ($15,500 a month) price. In two "modified" ads, language was included indicating that eligible patients may be able to get the drug for as little as $0 a month because of insurance coverage or coupon availability.

For the high-priced drug ad, price disclosure significantly reduced the likelihood of participants asking their doctor about the drug, asking their insurance provider about the drug or researching the drug online, or taking the drug. The participants who saw ads with modifying language were still interested in the drugs.

"Price disclosure in drug ads works only under the 'tell the price, only the price, nothing but the price' scenario," said co-author Ge Bai, associate professor of accounting at the Johns Hopkins Carey Business

School.

The Trump proposal has the potential to be effective, says lead author Jace Garrett, but the administration must do something about pharmaceutical companies' use of copay assistance programs if they're going to make the policy work. "If we really want to bring drug prices down, consumers have to vote with their wallets, and consumers are most likely to do that when they feel the pinch of high drug costs," said Garrett, assistant professor in the Clemson College of Business.

Tayler agrees: "Legislation requiring pharmaceutical companies to provide equivalent discounts to all payers would do the trick. If the drug is marked down 90 percent for the patient, mark it down 90 percent for their insurer as well. That would keep pharmaceutical companies from gaming the system via handouts to consumers while forcing the insurers to carry the full cost of overpriced drugs."

The Trump administration is not the first to try to combat sky-rocketing pharmaceutical prices; previous administrations have done their best to address the issue, as have others in the medical and healthcare industries. Exactly how Trump's Health and Human Services proposal will look is still unclear, and Big Pharma is already pushing back—and showing signs of doing exactly what researchers in this *JAMA Internal Medicine* article predict.

A recent Op-Ed in USA Today by the president of the Pharmaceutical Research and Manufacturers of America said the proposal would be confusing to patients and might deter them from seeking needed care. "List prices are not a good indicator of what patients will pay, because their insurers determine what they pay out of pocket," wrote Stephen J. Ubl.

"The suggested policy is unlikely to do harm, but it is also unlikely to

help much to control pharmaceutical prices," Tayler said. "This is not the most effective route and it could be very costly in terms of the lawsuits that are going to result. Why fight the legal battle if it's not going to work?"

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