
**ALEX AZAR: FOX
GUARDING THE
HENHOUSE AT HHS**

**Drug Prices at Eli Lilly Dramatically
Increased Under Azar's Watch**

RESEARCH REPORT



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Executive Summary

- From 2007 to 2017, Azar worked for pharmaceutical giant Eli Lilly. Rising up the ranks, Azar became president of Lilly USA, the largest division of Eli Lilly, in 2012, a position he held until resigning in January of 2017.

Eli Lilly Raised Drug Prices Repeatedly During Azar's Tenure

- During Azar's tenure at Eli Lilly, the company repeatedly raised prices for nearly all of its drugs, including dramatic increases of some of its most popular drugs.
- Eli Lilly had six drugs on the list of drugs that had seen the highest percentage price increase from 2007 and 2014, while Azar was at the company.
- Over a seven-year period that included Azar's tenure, three Eli Lilly drugs increased in price by 200-400%.
- In 2016, Eli Lilly reported to investors that it raised prices on all its drugs by an average of 14 percent across the board. In 2015, prices rose by 16.3% across the board. In 2014, prices rose by 11.8% across the board. In 2013, price rose by 15% across the board. In 2012, prices increased by 12.8% across the board.
- Drugs for everything from osteoporosis to attention deficit disorder doubled during Azar's tenure.
- Forteo, a drug for osteoporosis, rose by 68% between 2012 and 2015 alone. It was the single highest retail price increase for a specialty drug of its kind according to the AARP.
- Under Azar, Eli Lilly released a new lung cancer drug that would prolong the life of patients with terminal cancer. It cost \$10,000 a month. Another cancer drug, Cryamza, cost \$50,000 per treatment course. Yet another drug for colorectal cancer costs \$30,000 for a seven-week course of therapy.
- During the 10 year period that Azar worked at the company, it doubled the cost of Cymbalta, a drug for depression.
- The cost of hypertension drug Adcirca increased by 70 percent from 2012-2015 and by nearly 25% in 2015 alone.
- Not surprisingly, Azar refused to answer whether he ever lowered the cost of a prescription drug during his tenure at Eli Lilly.
- Azar defended the pricing practices at Eli Lilly during his tenure.

Prices for Diabetes Medication Soared Under Azar, Resulted in Ongoing Investigation & Class Action Lawsuit for Price Fixing

- During Azar's tenure, Eli Lilly increased the cost of Diabetes medication Humalog by 345 percent.
- Eli Lilly increased the price of insulin by 450% above inflation while Azar was at the company.
- Attorneys general in several states are reportedly investigating insulin drug pricing by Eli Lilly including charges of price fixing that would have occurred during Azar's tenure.
- Eli Lilly is named as a defendant in a class action lawsuit alleging price fixing during Azar's tenure.

Azar Acknowledged that Drug Prices Were Too High, But Blamed Everyone Else

- Azar has repeatedly acknowledged that drug prices are too high.
- Azar blamed insurance companies, not drug companies, for high drug prices. He claimed the high list prices that drug companies used were meant for insurance companies but increasing those companies were not passing on rebate savings to consumers.
- Azar appeared to blame the Affordable Care Act for high drug prices, saying that the disruption of the insurance industry have caused skyrocketing prices.
- Azar repeatedly blamed an “outdated system” of how patients pay for prescription drugs for high drug prices rather than drug companies, who he said were merely “reacting to the system.” Instead, he placed the blame on insurance companies and pharmacy managers.
- Azar claimed that too much focus on the costs of drugs would harm innovation.
- Azar claimed drug companies weren’t the ones who primarily benefited from high drug prices.

During His Time as A Pharma Executive, Azar Opposed Action to Reduce Drug Prices

- Azar opposed price controls and called them “superficially appealing.”
- Under Azar, Eli Lilly opposed pricing transparency and aggressively defended patents, which kept drug prices high.
- Prior to his appointment, Azar doubted whether the Trump administration would follow through on actions to lower drug costs.
- Azar opposed drug reimportation.
- Azar’s plan to lower drug prices has consistently been to reduce regulation on the Pharma industry to bring more drugs to market with less FDA oversight.

Findings

Eli Lilly Raised Drug Prices Repeatedly During Azar's Tenure

"During Alex Azar's Tenure As An Eli Lilly & Co. Executive Prices Rose Dramatically For Some Of The Company's Top Drugs." "President Donald Trump said in a tweet Monday that his nominee for secretary of Health and Human Services will be a "star" for his ability to lower drug prices, but during Alex Azar's tenure as an Eli Lilly & Co. executive prices rose dramatically for some of the company's top drugs. Mr. Azar, a lawyer who served as a deputy HHS secretary in the George W. Bush administration, joined the Indianapolis company in 2007 as senior vice president of corporate affairs and communications. He rose through the ranks and in 2012 was promoted to president of Lilly's U.S. pharmaceuticals unit, Lilly USA. As head of the U.S. business, Mr. Azar oversaw sales teams for drugs including the erectile dysfunction treatment Cialis and the blood thinner Effient. He also oversaw negotiations with health insurance plans aimed at persuading them to pay for Lilly's products. While Mr. Azar headed the U.S. business, Lilly came under criticism for raising prices for some of its drugs, including a more than doubling in the U.S. list price for Humalog insulin between 2011 and 2016." [Fox Business, [11/13/17](#)]

Azar Was Executive at Pharma Company That "Repeatedly Raised The Prices Of Its Drugs And Tripled The Cost Of Its Top-Selling Insulin." "Donald Trump's pick for health secretary, Alex Azar, was previously an executive at a pharmaceutical company that repeatedly raised the prices of its drugs and tripled the cost of its top-selling insulin over the five years he served as a company president, it has emerged." [Independent, [11/19/17](#)]

Eli Lilly Raised Prices For Products by 14 Percent in 2016. "Eli Lilly's record on drug prices will surely be scrutinized during the confirmation process. According to the company's 2016 report to investors, it raised prices of its products by 14 percent in 2016, though it said the net price increases after discounts were only 2.4 percent, compared to 9.4 percent net increases in 2015." [Roll Call, [11/15/17](#)]

Prices For Drugs For Osteoporosis and Attention Deficit Disorder Doubled Under Azar's Tenure. "Azar stuttered to respond to a series of questions from Sen. Ron Wyden of Oregon, the panel's top Democrat, who highlighted splashy charts that showed plainly that the prices for an osteoporosis drug, Forteo, and an attention deficit hyperactivity disorder drug, Strattera, had doubled during Azar's tenure at Lilly." [Stat News, [1/9/18](#)]

2012 - 2015: Price of Eli Lilly's Forteo Rose by 68%. [Managed Care Mag, [4/16](#); [Eli Lilly Products](#)]

- **2014 - 2015: Eli Lilly's Forteo Was The Single Highest Retail Price Increase for a Specialty Drug That Seniors Often Used.** "The single highest retail price increase for a specialty drug product in the market basket was for Forteo (600 mcg/2.4mL injection, used to treat osteoporosis). Forteo's retail price rose by 31.8 percent between 2014 and 2015." [AARP, [9/17](#); [Eli Lilly Products](#)]
- **During Azar's Tenure, Eli Lilly Increased Osteoporosis Drug Price Twice Per Year For Three Years.** "A large clinical trial of a new osteoporosis drug found that it stimulates bone growth and prevents fractures at least as well as the only other such drug on the market. The new drug, expected to win approval from federal regulators, would offer another, much-needed treatment for some of the 10 million Americans, 80 percent of them women, who have a disease that weakens bones and often leads to years of pain, disability and early death. Experts agree that new drugs are urgently needed for this debilitating disease. People with osteoporosis have bones that are fragile and break easily. Bone is naturally lost with age. But osteoporosis is an extreme, abnormal bone loss that can cause devastating fractures, particularly of the spine and hip. The new drug looks promising, according to the clinical trial conducted by Radius, whose results were published Tuesday in JAMA, the journal of the American Medical Association. The trial compared the new drug, abaloparatide, with a placebo and

with the only other bone-building drug on the market, Eli Lilly's Forteo. If the Radius drug is approved, it would compete with Forteo, whose average retail price is now \$3,100 for a four-week supply, said Michael Rea, the chief executive of Rx Savings Solutions, a company that provides prescription pricing information. That is triple the drug's average 2010 retail price, he said, adding that for the past three years Lilly has raised Forteo's price twice per year by 9 to 15 percent each time. Lilly confirmed the twice-yearly price increases and supplied wholesale prices for its drug. In 2010, Forteo's wholesale price was \$947.20, and in 2016 it was \$2,551.77." [New York Times, 8/17/16]

Under Azar, Eli Lilly Priced Lung Cancer Drug at Over \$10,000 A Month. "Eli Lilly & Co. said Friday its new lung-cancer drug will cost about \$11,430 a patient a month in the U. S. — well above what a group of doctors say is a fair price that reflects what they call the drug's modest benefit." [Wall Street Journal, 12/11/15]

Over Nearly Ten Years, Eli Lilly Doubled Depression Medication. "Drug companies also institute increases year after year on more widely used medications. Eli Lilly's depression drug Cymbalta has nearly doubled in price since 2007, after six incremental increases averaging a yearly hike of 10 percent." [Las Vegas Review-Journal, 2/18/16]

Eli Lilly Had Six Drugs on List of Drugs That Have Seen Highest Percentage Price Increase Since 2007. "Biogen Idec, the biopharmaceutical with two major operations in the Triangle, more than doubled the price of two of its multiple sclerosis drugs since 2007. The distinction puts both of those drugs on a list compiled by Bloomberg News of 73 drugs that have seen the highest percentage price increase since 2007. In the case of Biogen Idec (Nasdaq: BIIB), the drugs are Avonex, which increased in price 147 percent from \$552 per injection in 2007 to \$1,363 in 2014, and Tysabri, which increased 102 percent from \$185 in 2007 to \$374 in 2014. To be sure, Biogen Idec provides some financial assistance, as do many drug companies; a Biogen spokeswoman told Bloomberg that it provided \$349 million in assistance to patients in 2012. That year, the company recorded nearly \$3 billion in total sales of Avonex. There were five drugs to treat multiple sclerosis on the Bloomberg list. The drug with the highest percent increase was Copaxone, made by Teva Pharmaceutical Industries (NYSE: TEVA), which increased in price by 157 percent from \$2,358 for 30 syringes in 2007 to \$6,072 in 2014. On the list of MS drugs, Avonex and Tysabri ranked third and fifth, respectively, in terms of highest percent increases. Treatments by Merck (NYSE: MRK) and Bayer AG, increased in price by 154 percent and 133 percent, respectively. Another major drug company with operations in Research Triangle Park somewhat bucked the national trend in Big Pharma to increase prices. On that list of 73 drugs, GlaxoSmithKline (NYSE: GSK) appears only once, with its epilepsy treatment Lamictal. That drug has increased in price by 92 percent since 2007 to \$9.41 per pill in 2014. Compare to other Big Pharma companies like Pfizer (NYSE: PFE) which has nine on the list, Merck & Co., which has seven, or Eli Lilly & Co. (NYSE: LLY) which has six." [Triangle Business Journal, 5/20/14]

Price of Hypertension Drug Adcirca Increased by 70 Percent from 2012 - 2015. [Managed Care Mag, [4/16](#); [Eli Lilly Products](#)]

- **Price for Adcirca Increased by Nearly 25% in 2015 Alone.** [AARP, [9/17](#); [Eli Lilly Products](#)]

Over Seven Year Period, Three Eli Lilly Drugs Increased In Price by 200-400%. "Products with price increases between 200% and 400% (21 products) contains more recognizable company names including Eli Lilly (Humulin, Adcirca, and Cialis), Novo Nordisk (Vagifem, NovoLIN, and Levemir), Teva (Amrix), Sanofi (Renvela), and Pfizer (Viagra)." [Business Insider, [9/8/16](#)]

Eli Lilly's Cancer Drug Cyramza Cost \$50,000 Per Treatment Course. "Take Eli Lilly's (LLY, +0.89%) new cancer drug, Cyramza. For about \$50,000 per treatment course, Cyramza with chemotherapy increases the life span of patients with colon cancer by about 1.6 months, according to the study that led the Food and Drug Administration to approve this use. But Genentech's 10-year-old drug Avastin adds 1.4 months of life, while costing just \$25,000, according to a similar study. In effect, the additional 0.2 months — roughly six extra days — from Cyramza costs as much as the 1.4 months from the older drug." [Fortune, [9/17/15](#)]

Colorectal Cancer Drug Erbitux Costs Up To \$30K For Seven-Week Course of Therapy. “Erbitux: The Food and Drug Administration approved Erbitux for colorectal cancer. Doctors began to speak out, noting its cost of \$18,000 to \$30,000 for a seven-week course of therapy could make it too expensive for some patients. Combining multiple new drugs extended patients' survival, but added up to a total cost of \$250,000, a huge increase over the \$500 cost of treatment just a decade earlier, said Leonard Saltz, chief of gastrointestinal oncology at New York's Memorial Sloan Kettering Cancer Center.” [USA Today, [8/27/16](#); [Eli Lilly Products](#)]

PRICES FOR SEVERAL ELI LILLY DRUGS ROSE DURING AZAR’S TENURE:

Eli Lilly’s price increases

Drug	2014	2015	2016	2017 (so far)
Humalog	20.81%	16.98%	7.51%	7.81%
Humulin N	20.81%	16.96%	7.48%	7.83%
Cialis	19.91%	20.76%	20.69%	9.89%
Glucagon	18.81%	20.78%	8.79%	9.01%
Prozac	18.83%	19.86%	17.43%	9.87%
Forteo	24.04%	32.06%	17.48%	9.90%
Effient	18.77%	20.80%	17.47%	9.91%
Trulicity		17.71%	8.91%	7.99%
Taltz			8.90%	6.90%

Source: Bernstein Research/Price RX (Medispan)

[CNBC, [5/10/17](#)]

ELI LILLY INCREASED LIST PRICE FOR DRUGS BY DOUBLE DIGITS PER YEAR

COMPARISON OF LILLY LIST AND NET PRICE CHANGES FOR U.S. PRODUCT PORTFOLIO¹

(% CHANGE VERSUS THE PRIOR YEAR)

	2012	2013	2014	2015	2016
LIST PRICE³	12.8	15.0	11.8	16.3	14.0
NET PRICE⁴	7.8	11.9	1.6	9.4	2.4

[Eli Lilly Annual Report, [2017](#)]

Several Eli Lilly Drugs Increased in Price During Azar's Tenure According to Government Data:

Drug Name	2017	2013	% Increase
Adcirca	\$52.85	\$22.22	137.85%
Forteo	\$1,099.97	\$526.18	109.05%
Glucagon	\$269.59	\$174.34	54.63%
Jentadueto	\$6.11	\$4.09	49.39%
Jardiance	\$13.84	\$9.30	48.82%
Tradjenta	\$12.27	\$8.31	47.65%
Trulicity	\$327.61	\$234.57	39.66%
Glyxambi	\$16.75	\$14.92	12.27%
Zyprexa	\$38.88	\$36.06	7.82%

[[Eli Lilly Products](#); [NADAC Database](#), [Medicaid](#)]

AZAR REFUSED TO SAY WHETHER HE EVER LOWERED THE PRICE OF A DRUG AT ELI LILLY

Azar Dodged Question on Whether He Ever Lowered The Cost of a Drug. "Wyden pressed Azar to say whether, as chairman of Lilly's U.S. pricing committee, he had ever lowered a drug's price. Azar dodged. "I don't know that there is any drug price of a branded product that has ever gone down from any company on any drug in the United States, because every incentive in this system is toward higher prices," he said. "No one company is going to fix that system. That's why I want to be here working with you." Wyden said Azar had earlier told committee staff that he had never lowered the price of a Lilly drug." [Stat News, [1/9/18](#)]

AZAR DEFENDED PRICE INCREASES AT ELI LILLY

Azar Defended Drug Pricing Practices At Eli Lilly. "In recent years, Azar has defended pricing practices, and argued against the approaches to reduce costs to consumers as Trump endorsed during his campaign, such as

allowing the government to negotiate drug prices and importing medicines from overseas. Instead, Azar has followed the pharma messaging playbook on drug pricing – deflecting attention to other parts of the health system, and even other countries, blaming them for the high drug costs paid by U.S. patients. He’s also justified drug prices as the cost of innovation.” [Politico, [11/14/17](#)]

Prices For Diabetes Medications Soared Under Azar, Resulted in Ongoing Investigation

UNDER AZAR, COSTS FOR DIABETES MEDICATIONS SOARED

During Azar’s Tenure, Eli Lilly Increased Price of Humalog Insulin by 345 Percent. “During Azar’s tenure as US vice president and then president of Eli Lilly, the corporation increased the list price of Humalog insulin by 345 percent from just over \$2,600 to more than \$9,000. In order to gouge the 30 million Americans living with diabetes, Azar had to ensure that one of the other two companies that manufactures insulin also price gouged at the same level. Engaging in this coordination would obviously be illegal. But as the chart below shows, that doesn’t seem to have been an impediment.” [Huffington Post, [11/27/17](#)]

Eli Lilly Raised insulin Prices 450 Percent Above Inflation. “As concerns about drug prices have simmered among the public and politicians, the long history of insulin shows the ripple effect of the industry-wide practice of raising list prices of existing drugs: All boats rise with the tide. Price increases on old drugs recalibrate how much it costs to treat the disease, paving the way for new drugs to be launched at ever higher prices. According to a Washington Post analysis of Truven Health Analytics data, over the past two decades, Eli Lilly and Novo Nordisk raised prices on their human insulins 450 percent above inflation, closely in sync. That’s not what Eli Lilly anticipated, at least not publicly. When Humulin was introduced in 1982, company spokesman Ronald Culp told the New York Times, “The long-term desire is that the cost will come down, but at this point we cannot speculate on just how far.” Since then, other insulins have come on the market in faster-acting or longer-lasting formulations. Experts have been divided about how beneficial those advancements are and whether they are necessary for many patients. Meanwhile, the new drugs’ prices have risen rapidly. Humalog, for instance, has soared from \$21 a vial to more than \$250 in the past 20 years.” [Washington Post, 11/1/16]

Insulin Drug Humalog Went from \$74 to \$269 Under Azar. “During Azar’s tenure, Eli Lilly raised the prices on its insulins in the United States by 20.8 percent in 2014, 16.9 percent in 2015, and 7.5 percent in 2016. Eli Lilly’s biggest seller, Humalog insulin, is now off-patent. But rather than becoming cheaper, Humalog costs more now than when it first came to market in 1996. When Azar started working at Eli Lilly in June 2007, the list price for a vial of Humalog was \$74. When he quit in January 2017, it was \$269.” [The Nation, [11/21/17](#)]

Azar Oversaw Tripling of Insulin Product Humalog. Azar “served as a high-ranking executive at the company for ten years, becoming the president of Lilly USA in 2009, and was with the company as it tripled the price of its insulin product, Humalog. Just over a year ago, the Washington Post reported that the price of Humalog had risen from \$21 (£16) a vial to more than \$250 (£190) over the past 20 years.” [Independent, [11/19/17](#)]

Cost of Two Key Insulin Drugs Rose Quickly While Azar Was President of Eli Lilly. “Eli Lilly is one of the biggest manufacturers of diabetes drugs and has come under intense criticism for consistently increasing the price of these drugs. The cost of two key insulin drugs rose quickly while Azar was president of the company; Humalog and Humulin increased in price by approximately 21 percent in 2014, 17 percent in 2015, 7.5 percent in 2016, and 8 percent in the first quarter of 2017, according to an October letter to Trump from three Democratic members of Congress opposing the Azar nomination.” [International Business Times, [11/13/17](#)]

ELI LILLY IS UNDER INVESTIGATION AND SUBJECT OF LAWSUIT FOR PRICE FIXING OF ITS DIABETES DRUGS WHILE AZAR WAS IN CHARGE

Attorneys Generals In Several States Are Investigating Insulin Drug Pricing By Eli Lilly During Azar's Tenure. "In filings with the Securities and Exchange Commission over the past seven months, Lilly said it had received demands for information about the pricing of its insulin products from offices of the attorneys general in California, Florida, Minnesota, New Mexico and Washington State." [New York Times, [11/26/17](#)]

Eli Lilly Named in Class Action Lawsuit Alleging Price Fixing During Azar's Tenure. "Eli Lilly is also named in a class action lawsuit which alleges that the corporation colluded with Novo Nordisk and Sanofi in order to keep the prices in the U.S. insulin market increasing over time. Much of the activity in the case occurred during Azar's time as the President of Eli Lilly USA." [The Hill, [11/14/17](#)]

Azar Acknowledged Drug Prices Were Too High, But Blamed Everyone Else

AZAR BLAMED INSURANCE COMPANIES FOR HIGH DRUG PRICES

At Eli Lilly, Azar Avoided Responsibility for Raising Drug Prices, Blamed Insurance Industry. "Azar's statements on drug prices show a bias towards big pharma. When asked about drug prices at the Veeva Summit on May 8, 2017, he avoided addressing price controls, limitations on high drug prices, or even admitting the prescription drug industry's role in setting high drug prices. He pivoted to the insurance industry as a culprit." [The Hill, [11/14/17](#)]

Azar Claimed That High Drug Prices Were Not Meant For Consumers, But For Insurance Companies, But Too Many Patients Were Forced To Pay High Prices Dur To Lack of Quality Insurance Coverage. "Even as drug companies increase list prices, they have been giving larger discounts and rebates to health insurance companies and the middlemen known as pharmacy benefit managers, who work for insurers and employers. But consumers who are uninsured or who have high-deductible health plans often must pay the full list price, or close to it. "No patient was ever supposed to pay those list prices, but in recent years a growing number have been forced to do exactly that," Mr. Azar said, adding, "That practice exposes patients to huge amounts of cost-sharing when they walk into the pharmacy." And that, he said, is bad for patients because they are much less likely to fill prescriptions if their out-of-pocket cost is more than \$50 or \$100." [New York Times, [11/26/17](#)]

Azar Blamed Insurance Companies, not Drug Companies, For High Drug Costs. "Asked at an industry conference in May about drug pricing, he replied: "We have a problem. This is not something to put our head in the sand about. . . . Patients are paying out of pocket too much money." The cause, he continued, was not increases in pharmaceutical prices but health insurance changes that compel consumers to pay more of the bill. Extending drug rebates to help with those out-of-pocket expenses is one solution, he said." [Washington Post, 11/29/17]

Azar Said Drug List Prices Weren't The Issue, Blamed Insurers For Not Passing On Savings. "And when asked about drug pricing, Azar has continually argued that focus should be on what patients pay out of pocket at the pharmacy. "The first thing is the issue shouldn't be just to focus on drug prices, the issue is what are people paying when they go to the pharmacy to get their drugs, is it affordable to them there? List price whatever else, the most important thing is: What is that patient paying when they go to the pharmacy? And I think there are some really good things they can do," Azar told Fox Business in June. Azar's remarks appear in line with a campaign from the Pharmaceutical Research and Manufacturers of America to have insurers pass rebates to beneficiaries with high deductibles or coinsurance. "I think it's going to be really important that we work together with the insurance industry to try and find very constructive solutions. One of them is ways in which we can get more of the rebate passed through to the patient at the point of sale when they're at the pharmacy, so that they get the benefits of the rebates that we're paying even if they have a high deductible health care plan," Azar told RheumNow in 2016." [FDA Week, 10/20/17]

BLAMED THE AFFORDABLE CARE ACT

Azar Appeared To Blame The Affordable Care Act, Not Drug Companies, For Rising Drug Prices. “Drug companies have long said high prices are not a concern because they provide big discounts and rebates on many products. But in the last year, as public outcry has grown, Mr. Azar has acknowledged a problem. “This is not something to put our head in the sand about,” he told the industry conference in May. “Patients are having to pay too much for drugs.” In particular, he said, “patients are paying out of pocket too much money.” “What happened?” he asked. “Was there in the last three years a radical change in the pricing of drugs – either how launch prices occur or how drug price increases happen? No. In the last five to seven years, the pricing model really has not changed one bit.” “So why did things erupt?” he asked. “They erupted because we have seen a complete and fundamental restructuring of health insurance in the United States over the last three to five years. More of us now have high-deductible plans. More of us now have high cost-sharing.” As a result, he said, “when the patient goes into the pharmacy, they’re getting the sticker, they’re getting the list price.” [New York Times, [11/26/17](#)]

BLAMED THE “OUTDATED SYSTEM” FOR PAYING FOR DRUGS

Azar Blamed “Outdated System for Paying For Prescription Drugs.” “At a symposium at the Manhattan Institute last November, Mr. Azar said, “We’re on the cusp of a golden age of pharmaceutical breakthroughs.” But he added, “Our outdated system for paying for prescription drugs is threatening to squelch patient access to this recent and revolutionary burst of innovation by shifting a crushing burden directly onto individuals.” [New York Times, [11/26/17](#)]

Azar Said Drug Companies Were Merely “Reacting to the System” When Raising Drug Prices. “Azar, whose last day at Lilly was Feb. 1, said the current reimbursement system gets in the way of striking those deals and scaling them up. Without large-scale deals, drug makers can't put enough money at risk to make them genuinely value-based, he said. Both Azar and Ubl said a big portion of list drug prices end up going to pharmacy benefit managers and plans along the drug distribution chain. But they also said high list prices make large rebates to middlemen possible, and Azar emphasized that middlemen are not blame. Everyone, including drug companies, are merely reacting to the system, he said. Drug companies use list prices to buy their way onto formularies because they know that they're more likely to get better treatment if they offer big rebates that are percentages of the list price, and middlemen can't be blamed for demanding those rebates. However, beneficiaries copays are based on list prices, so they don't reap the benefits of rebates, and plans use other tactics, such as high deductibles, that push even more of the cost of drugs on beneficiaries, Azar said. Azar said drug companies and others in the distribution chain should stop relying on list prices to make money. Others also have said the system be redesigned to discourage high list prices, and a few companies, such as Allergan, are moving away from the rebate model.” [Inside Health Reform, 2/8/17]

Azar Blamed Convoluted System of Payments for Prescription Drugs For Rising Drug Prices. “He said the current, convoluted system of paying for drugs had perverse incentives. “All players – wholesalers like McKesson and Cardinal, pharmacies like CVS and Walgreens, pharmacy benefit managers like Express Scripts and CVS Caremark, and drug companies – make more money when list prices increase,” Mr. Azar said, adding, “The unfortunate victims of these trends are patients.” [New York Times, [11/26/17](#)]

...INCLUDING PHARMACY MANAGERS

Azar Blamed Pharmacy Benefit Managers and Payors for High Drug Prices, Not Drug Companies. “Azar has also been critical of payors and pharmacy benefit managers. “The last five years has been a revolution in payor power and control and it's not going to get better. The big payors have proven they can control share, they can move share, they can prefer drugs, they can put drugs in non-formulary status and they can in the pejorative get away with it,” Azar told Pharmaceutical Executive in 2017.” [FDA Week, 10/20/17]

CLAIMED FOCUS ON COSTS WOULD HURT INNOVATION

Azar Said Focus on Costs Would Hurt Innovation. “Azar has also attacked government regulators and payers for devaluing pharmaceutical innovation, suggesting that if the U.S. cuts pharma profits, it will see decreased

investment in new drugs and fewer new cures. “The narrow focus of costs of medicine to the exclusion of innovation would be self-defeating in the long run,” Azar said in a 2014 speech.” [Politico, [11/14/17](#)]

CLAIMED DRUG COMPANIES WEREN'T BENEFITING FROM HIGH DRUG PRICES

Azar Claimed Drug Companies Weren't The Ones Primarily Benefiting From High List Prices. “Both Azar and Ubl said a big portion of list drug prices end up going to pharmacy benefit managers and plans along the drug distribution chain. But they also said high list prices make large rebates to middlemen possible, and Azar emphasized that middlemen are not blame. Everyone, including drug companies, are merely reacting to the system, he said. Drug companies use list prices to buy their way onto formularies because they know that they're more likely to get better treatment if they offer big rebates that are percentages of the list price, and middlemen can't be blamed for demanding those rebates. However, beneficiaries copays are based on list prices, so they don't reap the benefits of rebates, and plans use other tactics, such as high deductibles, that push even more of the cost of drugs on beneficiaries, Azar said. Azar said drug companies and others in the distribution chain should stop relying on list prices to make money. Others also have said the system be redesigned to discourage high list prices, and a few companies, such as Allergan, are moving away from the rebate model.” [Inside CMS, 2/9/17]

Azar Opposed Action To Reduce Drug Prices

Azar Opposed Ideas To Encourage Competitive Drug Pricing. “Azar has also opposed other ideas to encourage competitive drug pricing. He's spoken out against studies known as comparative effectiveness research, used to determine which drugs are most cost-effective for treating patients with a disease. He argues that all options should be available since different patients may need different medicines. The problem however, is that if payers must make all drugs available, they have little leverage to negotiate lower drug prices with industry.” [Politico, [11/14/17](#)]

AZAR OPPOSED PRICE CONTROLS

Azar Opposed Price Controls. “Azar has spoken out against price controls on drugs and warned against a “disregard for intellectual property.” “A vigorous and profitable drug industry is not a problem to be solved,” Azar said in 2006 speech while HHS deputy secretary, “but a goal to be encouraged.” [USA Today, [11/13/17](#)]

Azar Called Drug Price Controls “Superficially Appealing.” “At Tuesday's Senate hearing, expect Azar to parrot Trump's claims that a sweeping, historic revolution is underway. But don't expect him to announce anything revolutionary. Azar appeared recently before the Senate Health, Education, Labor and Pensions Committee. He was asked point blank by Democratic lawmakers why we don't do what other developed nations do – exploit the public sector's bargaining power and set reasonable limits on how much drug companies can charge. Azar, a former drug company executive, called such moves “superficially appealing.” “But I don't know that it really would work and we might end up paying more for the drugs,” he said, making clear whose interests he was defending (not ours). No one at the Department of Health and Human Services responded to my request for further comment.” [Los Angeles Times, [6/26/18](#)]

Azar Has Been Critical Of Drug Pricing Policy That Would Lower Drug Prices. “Azar has also been critical of proposals to require drug companies pay CMS Part D rebates that in turn would lower beneficiaries' costs. “Part D has been a bigger winner than even those of us who helped launch it imagined ...We've got to continue speaking out against government price controls being imported into Medicare Part D. These would in effect constitute a new \$100 billion annual tax on the biopharmaceutical industry, and would have a serious and possibly disastrous consequence on many levels,” Azar said in 2012.” [FDA Week, 10/20/17]

OPPOSED PRICING TRANSPARENCY AND DEFENDED PATENTS, WHICH KEPT PRICES HIGH

Under Azar, Eli Lilly And Associated Lobbying Groups Fought Against Drug Pricing Transparency And Defended Patents In Order to Keep Prices High. “Not only did Azar work at Eli Lilly for 10 years, the final

five of which he was president, he was a board member of the Biotechnology Innovation Organization (BIO), the primary lobbying group for the biotech industry, of which Eli Lilly is a member. Azar left both positions in January to launch a biopharmaceutical and health care consulting firm, Seraphim Strategies LLC. Should he become HHS secretary, he'd be overseeing Eli Lilly and his former clients. Prior to joining Eli Lilly, Azar was deputy HHS secretary under President George W. Bush. The political strategies of Eli Lilly, BIO and another industry lobbying group, including efforts to fight drug pricing transparency and defend their patents in order to keep prices high, shed light on the pro-industry approach that Azar is likely to take as HHS director, should he be confirmed." [International Business Times, [11/13/17](#)]

DOUBTED WHETHER THE TRUMP ADMINISTRATION WOULD REALLY ACT TO LOWER PRICES PRIOR TO HIS NOMINATION

Before His Nomination, Azar Expressed Doubts About Trump Administration's Desire to Lower Drug Prices. "Azar himself has also expressed doubts about the administration's commitment to tackle drug prices. In February, he told attendees of a Biotechnology Innovation Organization meeting that Trump was likely to uphold policies that prioritize the drug industry's ability to innovate. "I simply do not see efforts to undermine that," Azar said, according to the trade publication Genetic Engineering & Biotechnology News." [Roll Call, [11/15/17](#)]

OPPOSED DRUG REIMPORTATION

Azar Opposed Drug Reimportation. "However, Azar appears at odds with Trump over drug reimportation, which the president pushed on the campaign trail. "One of the best things in the American health care system is our closed distribution system. We have such tight control on product here in the United States. That's why when you walk into a Walgreens or a CVS, you know it's safe, it's authentic. This thing about importing drugs from Canada is a canard. These drugs are not American-produced drugs sitting in a Canadian retail pharmacy. These are often drugs coming from China or India or elsewhere that are just being transshipped into the United States," Azar said in 2012." [FDA Week, 10/20/17]

AZAR'S SOLUTION: REDUCE REGULATION OF DRUG COMPANIES

Azar Claimed Bringing More Drugs to Market Would Bring Costs Down. "Nonetheless, in June, Azar told Fox Business that getting more new drugs to market to increase competition among brands would help bring U.S. prices down. Yet there's only one example the drug industry can point to in the U.S. where brand competition has led to lower prices – and many where competitors simply raise prices in tandem. For example, Democrats recently launched a probe into the rising price of multiple sclerosis drugs where drugs introduced decades ago have raised prices to match their newer competitors." [Politico, [11/14/17](#)]

Azar Said Trump Administration Shouldn't Focus on Drug List Prices, But Rather Faster Approval of Generics. "Eli Lilly & Co. former US President Alex Azar, who recently left the company and formed a new strategic consulting company, Seraphim, also anticipates changes to Medicare Part B. For example, he said it might make sense to allow pharmacy benefit managers to negotiate drug prices with Medicare Part B as an alternative to the current payment system of Average Sales Price (ASP) plus 6%. Most importantly, the administration should focus on the affordability of medicines for patients rather than list price, he said. "Things that disrupt the market, that reduce choice, that disrupt the one government program that is actually working quite well, Part D, that actually won't change the question of the patient who has a Part D plan is in their deductible phase or donut hole and the fact they have to pay too much when they go to the pharmacy," he said. Patient affordability is one of industry's typical talking points when it comes to debates over drug pricing. But it doesn't address the issue of how much the health care system spends on drugs. Azar suggested faster generic drug approvals could have an impact on the cost of drugs, and pointed to other options that could be explored, like reevaluating some of the policies of high deductible health plans. One suggestion he mentioned was allowing copay cards to be used in Medicare Part D and B; they are currently allowed to be used only in commercial plans and are controversial in that while they lower the cost of the drugs for patients, insurance companies still foot the bill for what they say is a more expensive drug." [Scrip Intelligence, 2/15/17]

Azar Said FDA Approval of Generics Would Lower Drug Costs. “At a March 6 speech during a conference in Orlando, Florida, Gottlieb also talked about overhauling the rules for complex generic drugs with which brand-name companies have been able to create "monopolies in perpetuity." He also discussed the need to inject competition in situations where decades-old drugs are provided by one generic supplier, allowing speculators to buy the drug and jack up the price. If the FDA can accelerate approval for older generics, "the market will basically have a self-correcting mechanism for those distorted prices on old generics," said Alex Azar, a former Eli Lilly & Co. executive and health official under President George W. Bush, in an interview last week before Gottlieb emerged as the front-runner.” [The Salt Lake Tribune, 3/11/17]

Azar Opposed Price Controls, Called For Reduced Regulation to Lower Drug Prices. “Azar has been a longtime critic of the Affordable Care Act, has supported block granting Medicaid, was a critic of the Medicaid expansion under the ACA and has called for the repeal of the Independent Payment Advisory Board. On FDA policy, Azar has been largely in lockstep with FDA Commissioner Scott Gottlieb on calls for increasing competition, lowering the cost of clinical trials and hiking use of structured benefit-risk assessment in product approvals. On drug pricing, Azar has pointed the finger at payors and argued that drug companies are not the problem. He has also been a staunch critic of price controls, putting him at odds with President Trump's repeated calls for Medicare price negotiation. But he has mirrored President Trump's calls for other countries to stop "freeloading" on U.S. research.” [FDA Week, 10/20/17]

Azar’s Solution to High Drug Prices: Increased Competition. “Azar supports Gottlieb's FDA-centric approach toward drug pricing: increasing competition. "We can increase generic and branded competition. Scott Gottlieb, our great new FDA commissioner, has already launched an initiative to get more generics approved, more branded drugs approved, so they're competing against each other, driving prices down, making things more affordable," Azar said. FDA should also be willing to take more risks, Azar has argued. While Azar connected this to advancing structured benefit-risk assessment, which Gottlieb has embraced, it is unclear whether he would want FDA to take a more radical approach.” [FDA Week, 10/20/17]