

747. This price collusion scheme has masked and offset a tremendous drug cost-savings opportunity over the past ten years for American taxpayers and private employers, but especially in the Medicare Part D program.

748. If not for the massive price increases for the relatively few remaining US brand drugs, especially of the “specialty” variety, American taxpayers, employers and employees would have benefited from a sharp erosion in drug costs over the past decade due to massive patent expirations.

749. These dynamics are clearly reflected in the spending trends for the Medicare Part D program itself. According to CMS’s own data, the average drug costs for the majority of relatively healthy Part D beneficiaries (i.e., those not needing extreme-priced “specialty” drugs) decreased by an astounding 43% (i.e., annual “Direct Subsidies” per beneficiary) between 2006 and 2014. Medicare Trustees Report, 2015.

750. Ironically, both the pharmaceutical and PBM industries frequently cite the Part D program as a glowing example of “free market” success and have recommended it as a “model” for controlling drug spending in other segments of the US market.

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