Trump Administration Reverses Policy Designed to Lower Costs on Next-Gen Cancer Treatments

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Just one month after the U.S. Food and Drug Administration (FDA) approved its first biosimilar cancer treatment, the Trump administration has announced that it will reverse a policy designed to help keep prices low on the next-generation therapies, Stat News reports.

The Obama-era policy had previously established Medicare payments that were specifically designed to encourage more price competition among biosimilars. Biosimilars are medications that are nearly identical to biologics, which are drugs manufactured using microorganisms or living cells and used to treat a range of diseases, including cancer, rheumatoid arthritis, diabetes and anemia. The key difference is that biosimilars are less costly.

Much like generics, biosimilars are designed to help provide more options and cut treatment costs in crowded drug markets. Now, treatment advocates fear what will happen now that they are longer going to be specially incentivized by the U.S. government.

In short, the change would have the Center for Medicare and Medicaid Services (CMS) pay for biosimilar drugs similarly to how it currently pays for branded and generic drugs administered by doctors. This means reimbursing doctors for what is known as the average sales price of most medications, which takes into account the price of both the branded drug and any available generic treatments.

Before now, the Obama-era policy grouped all biosimilars into the same pricing category, which helped lower prices for the drugs overall. But the new Trump proposal would give each biosimilar its own pricing category, which would allow manufacturers more wiggle room for setting prices.

Trump's reversal is a big win for pharmaceutical companies and manufacturers, who had been urging the Republican administration to reverse the policy on the grounds that it would discourage innovation in the young U.S. biosimilar market, which would in turn drive up prices. But officials who helped draft the Obama-era policy have defended it as a highly effective way to force competition in the expensive cancer treatment arena.

Meanwhile, it's unclear what will happen to the cost of Mvasi (bevacizumab-awwb), the newest

FDA-approved biosimilar cancer drug. That treatment, which is designed as an alternative to the popular cancer therapy Avastin (bevacizumab), is designed to treat adult patients with certain colorectal, lung, brain, kidney and cervical cancers.
