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Refunds If a Drug Doesn't Work

One aspect of the high cost of healthcare is the cost of new drugs. Cancer drugs have received much of the attention because of their extremely high price (1). For example, crizotinib, used to treat non-small cell lung cancer (NSCLC), costs \$19,144 for each month's supply. Pfizer, the manufacturer of crizotinib, has just announced that they are offering a refund if its drug "doesn't work" (2). If crizotinib use is discontinued and documentation of ineffectiveness is provided, Pfizer will refund the out-of-pocket amount that was paid for up to the first three bottles (30-day supply) of crizotinib, up to a maximum of \$19,144 for each month's supply, or a total of \$57,432. Of course, the cost of care includes more than just a single drug and can be much higher and Pfizer is reimbursing only the drug cost.

Although Pfizer claims that its pilot program is a first in the industry, there have been others that were similar (2). In 2017, Novartis offered something comparable for tisagenlecleucel (Kymriah®), the B-cell acute lymphoblastic leukemia therapy that launched with a daunting price tag of \$475,000. After receiving backlash over

the cost, the manufacturer Novartis announced that if the drug does not work after the first month, patients pay nothing. Italy has been using this system for several

years. In Italy pharmaceutical companies must refund the cost if a drug fails to work. In 2015, the state-run healthcare system collected €200 million (\$220 million) in refunds.

At first glance, Pfizer's offer with crizotinib appears very reasonable. However, the drug is usually given for at least 3 months to judge effectiveness with only 50-60% of ALK+ patients responding (3). However, that said, there is usually a fairly dramatic response when a patient does respond. Unfortunately, most patients with ALK-positive lung cancer who respond to crizotinib undergo a relapse within a few months to years after starting therapy (3).

In our view Pfizer is practicing medicine on contingency. In an industry notorious for overpricing, Pfizer is asking permission to overcharge upfront. However, the concept that Pfizer will not make considerable profit from this scheme is naive. Furthermore, there will be some that take advantage of the program. Now with hospitals and other healthcare organizations often collecting physician professional fees, the possibility of nefarious financial arrangements likely increases.

We suspect there would be a great outcry if physicians were allowed to bill similarly. For example, a physician might charge

\$20,000/month to treat a patient with NSCLC. Similarly, a physician could charge \$10,000 to care for a patient with an exacerbation of COPD with a similar promise that if the patient did not improve, they do not have to pay.

Schemes such as Pfizer's are an indicator of overpricing and are nothing more than another nefarious billing practice. They will not reduce healthcare costs and are susceptible to fraud. We oppose such billing schemes as not being in our patients' or the public's best interests.

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