Three Minute Read™

Insights from the Healing American Healthcare Coalition™

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HEALING AMERICAN HEALTHCARE COALITION

From the Editor: This issue's article summaries include updates on pharma, Medicaid disenrollment and telehealth. Click on the headline to read the full article If you're enjoying **TMR's** coverage of emerging issues, please upgrade to a paid subscription here.

Chinese Company Under Congressional Scrutiny Makes Key US Drugs, by Chistina Jewet, The New York Times, 4/25,24/

TMR Topline – WuXi is a Chinese pharmaceutical company that lawmakers have identified as a potential threat to the security of individual Americans' genetic information and US intellectual property. In March, the Senate Homeland Security Committee approved a bill intended to push US pharmaceutical companies away from their long-established business relationships with WuXI. The Congressional hearing on this issue did not consider the large amount of work that WuXi does for their 105 US biotech and pharmaceutical clients and the patients currently being treated with their successful drugs. A New York Times review revealed WuXi's heavy involvement in the US pharmaceutical market that includes providing ingredients for drugs that treat some types of leukemia and lymphoma as well as obesity and H.I.V. "*They have become a one-stop shop to a biotech*," said Kevin Lustig, founder of Scientist.com, a clearing-house that matches drug companies seeking research help with contractors like WuXi.

WuXi has developed a reputation for low-cost, reliable work. Their chemists can create new molecules and operate complex equipment to make them in bulk. One estimate suggests WuXi has been involved in developing one-fourth of the drugs used in the US. Manufactured by an affiliate in Shanghai and Changzhou, WuXi's Trikafta treats cystic fibrosis, a deadly disease affecting 40,000 US patients that clogs the lungs with debilitating, thick mucus. Trikafta clears the lungs and can extend life expectancy by decades. With widespread drug shortages at a 20-year high, some biotech executives have expressed great concern to Congress that a sudden decoupling could take some drugs out of the pipeline for years.

华东医药 HUADONG MEDICINE

Drugmaker seeks approval for China's first biosimilar Ozempic, by Andrew Silver and Ludwig Burger, Reuters, 4/3/24

TMR Topline – Jiuyuan Gene Engineering said that it was seeking approval to sell its drug Jiyoutai, to control blood sugar in patients with type 2 diabetes. If approved, the injectable drug would be China's first locally developed biosimilar semaglutide drug and presents a challenge to Novo Nordisk's expansion plans for the Chinese market. Novo's patents in China for Ozempic and Wegovy are due to expire in 2026 and its $694 million of 2023 sales in China were 5% of global revenue for Ozempic. Majority owned by Huadong Medicine; Jiuyuan Gene Engineering has developed another diabetes drug that is approved in China. Starter kits of Ozempic still are not available in Germany as shortages in Europe drag on.

US takes next step in Medicare drug price negotiations with pharma companies, Reuters, 4/3/24

TMR Topline – CMS picked the first ten high-cost drugs for negotiation and sent its initial price offers in February. The companies involved had until March 1 to respond and all did so. Each company can meet with CMS up to three times for further negotiations before a final price is announced on Aug. 1. The negotiated prices will come

into effect in 2026. In March, a Delaware federal judge rejected AstraZeneca's lawsuit to block negotiations.

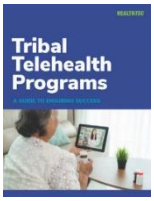
Report: Spending on Leqembi could hit $3.5B next year, CMS says, by Paige Minemyer, Fierce Healthcare, 4/11/24

TMR Topline – CMS expects that outlays on Alzheimer's drug Leqembi will far outpace the drugmaker's estimates next year, with per member per month spending rising from $1.67 in 2024 to $4.67 in 2025. That translates to about $3.5 billion for all of Medicare in 2025. Manufactured by Eisai and Biogen, Leqembi earned full FDA approval in 2023.

TMR's Take: It's not quite *"The China Syndrome,"* but more an illustration of the complexities of a global economy with competing priorities, conflicting interests and convoluted supply chains. Big Pharma relies on Chinese scientists to research, develop and provide ingredients for many important drugs and charges US patients more for those drugs than other OECD countries. Is it because they pay less, get more from lower cost China and take out their profit squeeze from OECD price negotiation on US consumers? Stay tuned – **TMR** will continue to monitor and sort out the chaos.

20 million people lost their Medicaid coverage in the last year. Here's what happened to them, by Tami Luhby, CNN, 4/12/24

TMR Topline – Since pandemic protections ended 4/1/23, more that 20 million Americans have lost coverage according to a KFF survey. Nearly a quarter of adults who say they were disenrolled report being unin-sured now. About half of those disenrolled subsequently regained their Medicaid coverage, and more than a quarter are now covered through an employ-er, Medicare, an Affordable Care Act exchange or another source. 69% were dropped for so-called pro-cedural reasons, often because the enrollment form was sent to an old address, or it was difficult to understand, or it wasn't returned by the deadline. Many of those who were disenrolled said that they skipped or deferred care.



End of Internet Subsidies for Low-Income Households Threatens Telehealth Access, by Sarah Jane Tribble, KFF Health News, 4/4/24

TMR Topline – More than 23 million low-income households currently receive $30 monthly subsidies for internet bills under the program Congress created in 2021 to bridge the nation's digital connectivity gap, but will run out of funding soon. FTC Chairwoman Jessica Rosenworcel asked Congress to allocate $6 billion to keep the program running until the end of 2024, noting that it gives Americans the *"internet service they need to fully participate in modern life.* The bipartisan "Affordable Connectivity Program Extension Act was introduced in January requesting $7 billion to fund the program through the end of 2024. Experts estimate that about 50 million Americans are eligible for the program, but less than half have signed up. The low participation rate is attributed to lack of awareness of the program's availability and the complexity of the on-line enrollment process.

What's next for Teladoc after CEO's departure?, by Brock E. W. Turner, Modern Healthcare, 4/9/24

TMR Topline – During his 15 years as CEO, Jason Gorevic grew the company from $4million in revenue to more than $2 billion amid rising consumer interest in virtual care and more favorable telehealth payment rules put in place during the Covid-19 pandemic. Teladoc's October 2020 acquisition of digital health company Livongo for $18.5 billion as *"a transformational opportunity"* to improve care access and delivery did not materialize. Teladoc posted a 2023 net loss of $13.7 billion thanks in large part to $13.4 billion in non-cash goodwill impairment charges related to the Livongo acquisition. Teladoc's BetterHelp virtual therapy subscription services has grown into a large consumer telehealth business, but its growth has stagnated.

TMR's Take: One of the few silver linings in the cloud of the Covid-19 pandemic was the accelerated acceptance of telehealth as an effective substitute for in-office visits for a wide range of conditions. Frail elderly patients and those in rural areas for whom travel to a doctor's office is a challenge found telehealth a real blessing. Parents leery of bringing a sick child to a waiting room filled with other sick children found that an on-line visit was just what the doctor ordered. Skilled clinicians became adept at finding ways to diagnose from afar. Deployed effectively, telehealth has proven to be an efficient way to deliver cost-effective care. Affordable access to broad-band must not be abandoned – lives depend on it.