



NEWS RELEASE

## Premier Inc. Projects 4.2 Percent Price Inflation for Pharmaceuticals

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Prices projected to increase over previous estimates, driven by newly released products such as cellular and gene therapies

CHARLOTTE, N.C.--(BUSINESS WIRE)-- Premier Inc. (NASDAQ: PINC), a leading healthcare improvement company, today released updated inflation estimates for contracted and non-contracted pharmaceutical pricing for fiscal year 2020 (July 2019 – June 2020), projecting a 4.2 percent increase in total pharmaceutical costs for non-disproportionate share (DSH) hospitals and 3.8 percent for DSH-eligible facilities. DSH-eligible hospitals are those that serve a significantly disproportionate number of low-income patients and receive discounted pricing on drugs to cover the costs of providing care to uninsured patients.

This 4.2 percent inflation rate is approximately 0.4 percent higher than **previous projections**. The majority of the overall pharmaceutical inflation comes from new drugs (2.8 percent), including cellular and gene therapies.

“Pharmaceuticals are responsible for a large and growing share of the total hospital budget,” said Michael J. Alkire, President, Premier. “New drugs, while offering tremendous potential to cure or curb the spread of disease, are often introduced at price points that can have an adverse effect on health system margins. As one of the nation’s leading group purchasing organizations, our contracting team has been relentless in working to hold these costs down, putting manufacturers in head-to-head competition with one another to win our business, using technology and 100 billion data points to assure value and smart decisions. We have also been actively pursuing value-based contracts with manufacturers, which would hold drug makers accountable for delivering the outcomes promised in their marketing.”

Premier conducted the inflation analysis using its Drug Budget Development tool. The tool provides pricing information on health system pharmaceutical purchases and can be used by pharmacists to develop accurate forecasts and budgets for the coming year using their facility-specific purchasing information.

Premier has been actively working with Congress and the White House to advance **common-sense principles** that would foster a more competitive marketplace and prevent gaming to extend the life of patents or thwart new entrants, including:

- Lowering the barriers to market entry, making it easier for new generics and biosimilar manufacturers to compete;
- Eradicating drug shortages to prevent price spikes that can occur when there is a surge in demand;
- Prohibiting pay-to-delay practices that compensate generic and biosimilar manufacturers to delay the entry of a lower-cost alternative into the market;
- Preventing “evergreening” or “patent hopping” whereby manufacturers make slight changes, such as moving from a twice-a-day to a once-a-day formulation, to file a new patent and extend market exclusivity;
- Altering the Orphan Drug Act to ensure it is meeting its original intent of fostering the development of innovative drugs for rare conditions and not being abused to treat non-orphan indications once approved by the U.S. Food and Drug Administration (FDA);
- Creating stronger rules around citizen petitions to ensure that they have real merit and are not used as a tool to restrict new entrants;
- Removing legislative barriers to the movement from volume to value and the adoption of value-based contracts for drugs;
- Preventing abuse of the risk evaluation and mitigation strategy (REMS) requirements that some may use to deny providing samples needed by generic and biosimilar manufacturers to prove therapeutic equivalence, thereby delaying their market entry; and
- Creating transparency to help generic and biosimilar manufacturers understand when certain patents and exclusivity periods expire to encourage the entry of cost-saving medications into the marketplace.

“Premier is committed to addressing the rising cost of pharmaceuticals and strongly supports steps to create a more competitive marketplace to lower drug prices,” Alkire added. “We believe that even though drug inflation is on the rise industry-wide, Premier continues to provide best-in-class pricing for our members. We will continue to foster competition and build on the work we have already done to reduce healthcare spending. And we’ll continue to push for policy solutions that are attainable, practical and sustainable to achieve better results for our members.”

## Forward-Looking Statements

Matters discussed in this release that are not statements of historical or current facts are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Premier to be materially different from historical results or from any future results or projections expressed or implied by such forward-looking statements. Accordingly, readers should not place undue reliance on any forward-looking statements. In addition to statements that explicitly describe such risks and uncertainties, readers are urged to consider statements in the conditional or future tenses or that include terms such as “believes,” “belief,” “expects,” “estimates,” “intends,” “anticipates” or “plans” to be uncertain and forward-looking. Forward-looking statements may include comments as to Premier’s beliefs and expectations as to future events and trends affecting its business and are necessarily subject to uncertainties, many of which are outside Premier’s control. More information on potential factors that could affect Premier’s financial results is included from time to time in the “Forward Looking Statements,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of Premier’s periodic and current filings with the SEC and available on Premier’s website at [investors.premierinc.com](http://investors.premierinc.com). Forward-looking statements speak only as of the date they are made. Premier undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise that occur after that date.

## About Premier Inc.

Premier Inc. (NASDAQ: PINC) is a leading healthcare improvement company, uniting an alliance of more than 4,000 U.S. hospitals and health systems and approximately 175,000 other providers and organizations to transform healthcare. With integrated data and analytics, collaboratives, supply chain solutions, and consulting and other services, Premier enables better care and outcomes at a lower cost. Premier plays a critical role in the rapidly evolving healthcare industry, collaborating with members to co-develop long-term innovations that reinvent and improve the way care is delivered to patients nationwide. Headquartered in Charlotte, N.C., Premier is passionate about transforming American healthcare. Please visit Premier’s news and investor sites on [www.premierinc.com](http://www.premierinc.com); as well as [Twitter](#), [Facebook](#), [LinkedIn](#), [YouTube](#), [Instagram](#) and [Premier’s blog](#) for more information about the company.

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