PINK SHEET
CITELINE REGULATORY

30 May 2024 | **Analysis**

Ophthalmic Drugs Already Lead Medicare Part B Cost Drivers: How Will Gene Therapy Fit?

by Cathy Kelly

Gene therapy for wet age-related macular degeneration is one of two later-stage gene therapies flagged in CVS Caremark's latest pipeline report that are outliers because they target conditions afflicting millions of patients and could dramatically increase Part B spending.

Regenxbio Inc. and *AbbVie Inc.* are developing a one-time gene therapy for wet age-related macular degeneration that if approved, could intensify cost pressures in a category that is already one of the costliest to Medicare Part B.

Two million patients in the US could be eligible for the gene therapy, according to CVS Caremark's latest gene therapy pipeline *report*. Only a relatively small share of that group would actually get the treatment, but if it is priced at $1m or more, even limited uptake could mean a substantial upfront cost to Medicare. (*See chart below for more data from the report*.)

Known as RGX314, the gene therapy has

Key Takeaways

- Aging-related eye disease has long been a high-spending category for Medicare, led by Regeneron's blockbuster anti-VEGF Eylea.
- Regenxbio and AbbVie are developing a

PINK SHEET
CITELINE REGULATORY

the potential to become a first-in-class treatment for wet AMD and the standard of care to prevent the progression of diabetic retinopathy, according to Regenexbio. (Also see "*Regenxbio Aims For Big Chunk Of Retinal Disease Market With AbbVie-Partnered Gene Therapy*" - Scrip, 17 Jan, 2024.)

one-time gene therapy for wet AMD that, if approved, could intensify cost pressures in Medicare.

- Medicare could consider a national coverage policy to manage the gene therapy's costs.

Most patients with wet AMD receive anti-VEGF drug injections every four to 16 weeks for the duration of their disease. The high administration burden leads many patients to forgo treatment. A durable single-injection therapy would be a significant advance.

Regenexbio has started a Phase III trial comparing RGX314 to *Regeneron Pharmaceuticals, Inc.*'s AMD category-leading Eylea (aflibercept), with mean change in best-corrected visual acuity as the primary endpoint. The gene therapy could obtain US Food and Drug Administration approval in the fourth quarter of 2026, the CVS report notes.

Eylea has been one of the costliest Part B drugs for several years. (Also see "*Number One With A Bullet: Eylea Takes Top Spot In Medicare Part B Drugs*" - Pink Sheet, 2 Aug, 2017.) Medicare spending on the drug reached $3.5bn in 2022, ranking second only to expenditures on *Merck & Co., Inc.*'s cancer drug Keytruda, according to the most recently available data from the Centers for Medicare and Medicaid Services.

Roche Holding AG's fast-growing drug for AMD and other retinal diseases, Vabysmo (faricimab), is also becoming a significant factor in Part B. Treatments for aging-related eye disease command high levels of spending in Part B because Medicare is a dominant payer for patients with those conditions.

The CAR-T Experience

If RGX314 is approved, Medicare could look for ways to manage its costs through a national coverage determination, which are rare for drugs. But the program's 2022 national decision to condition coverage for Alzheimer's drugs on evidence collection was a recent notable, and possibly precedent-setting exception. (Also see "*Medicare Coverage Restrictions For Expensive Drugs: Did Aduhelm Let The Genie Out Of The Bottle?*" - Pink Sheet, 6 Jun, 2022.)

In 2019, CMS initially proposed an NCD for CAR-T treatments that required further evidence collection as a condition of reimbursement and established prescribing restrictions. (Also see "*Medicare Coverage For CAR-T Will Require Additional Patient Data Collection* " - Pink Sheet, 18 Feb, 2019.) At that time, there were two CAR-Ts available, *Novartis AG*'s Kymriah

(tisagenlecleucel) and *Gilead Sciences, Inc.*'s Yescarta (axicabtagene ciloleucel). Both were approved for adult patients with relapsed or refractory diffuse large B-cell lymphoma.

CMS backed off the proposal in the final version of its policy. (Also see "*Medicare Final CAR-T Policy Eases Coverage Requirements*" - Pink Sheet, 8 Aug, 2019.)

The agency explained that after further consideration, a coverage with evidence development policy is not necessary because "there is important ongoing research by scientists and manufacturers" and the FDA has already required postmarketing studies for the agents.

The final version also expanded the sites of care that would be covered by Medicare to align with the FDA-established risk evaluation and mitigation strategies (REMS) requirements for CAR-T therapies.

Gene Therapy For Osteoarthritis Of The Knee

Another gene therapy with a large potential patient population that could be approved in the next couple of years is *Kolon TissueGene, Inc.*'s Invossa (tonogenchoncel-L) for osteoarthritis of the knee, CVS notes. The report estimates the product could target 15.9 million US patients.

Invossa may be approved in the first quarter of 2026, according to CVS. However, the treatment's development path has been bumpy.

In May 2019, the FDA placed a Phase III trial on clinical hold and Korean regulators cancelled the product's approval after concluding false data had been submitted. The FDA lifted the clinical hold in April 2020.

Two Phase III studies are currently underway, both in patients with Kellgren/Lawrence Grade 2 or 3 osteoarthritis of the knee. The Activion-1 trial started in October 2018 and Activion-2 started in December 2021.

The trials are designed to support a two-year improvement in pain and function as well as delay in structural progression (assessed radiographically and by biomarkers). The company maintains Invossa could be the first drug labeled as a disease-modifying osteoarthritis treatment.

Several treatments in the report with relatively significant target populations and near-term approvals are CAR-Ts. Some already are on the market and seeking supplemental indications, while others are new.

Click here to explore this interactive content online