

SUPPORT LEGISLATION TO REDUCE DRUG PRICES

The pharmaceutical industry continues to be unchecked when it comes to setting and increasing the prices of therapeutics. Left to their own devices, drug makers have been able to drive down competition in the biopharmaceutical marketplace and drive up prices.

Three steps Congress can take to reduce drug prices

Pass FAIR Drug Pricing Act (S. 1391/H.R. 2296) and SPIKE Act (S. 474/H.R. 2069)



- **Require Disclosure** – Drug makers must notify HHS before they increase prices.
- **Improve Accountability** – Drug makers are required to provide an explanation for price increases including manufacturing costs, R&D, marketing and profits.
- **No Price Controls** – The bills do not prohibit price increases, but increase transparency by making non-confidential information public.

Support transparent, fee-based pharmacy benefit manager (PBM) models

- **Eliminate Misaligned Incentives** – Under a transparent model, PBMs pass on 100% of rebates and discounts because their revenue source is an administrative flat fee.
- **Auditable** – Full transparency allows clients to verify savings, lower costs for consumers and plans, and confirm improved clinical effectiveness.

	<i>Traditional Model</i>	<i>Transparent Model</i>
<i>Cost to Client</i>	\$95*	\$95
<i>Paid to Pharmacy</i>	\$95	\$95
<i>Administrative Fee</i>	\$0	\$2
<i>Member Copay</i>	\$5	\$5
<i>Rebate</i>	\$50 (0 -100% passed on)	\$50 (100% passed on)
<i>PBM Revenue</i>	\$0 to \$50**	\$2

*Other models often include markups on client drug cost invoices
** Based on rebates retained, plus any additional mark-ups

Curb anticompetitive tactics to increase access to generics/biosimilars



- **Limit Patent Evergreening** – The Second Look at Drug Patents Act (S. 1617) limits drug companies' ability to file new patents based on minor changes to a drug in order to extend their exclusivity and, in turn, charge higher prices.
- **Crack Down on Pay-for-Delay** – Congress should explore ways to prevent pay-for-delay tactics, through which brand drug makers pay would-be competitors not to bring generics to market.

