NRLN
NATIONAL RETIREE LEGISLATIVE NETWORK

Congress and President Must Act to Reduce Price of Prescription Drugs

Talk Is Cheap – Drugs Are Not!

Talking Points

2/25/2019

- In spite of a lot of talk by members of Congress and the President on the importance of making prescription drug prices more affordable, 30 drug companies announced at the beginning of 2019 price increases in the United States on more than 250 drugs. The price increases – the first of more to come in 2019 – ranged from 5% to 9.5% well above the nations rate of inflation.

- Americans, especially the 58 million Americans age 65 and older and people with disabilities on Medicare, are caught in the terrible perfect story of prescription drug price gouging. They are taking more expensive medications while living on fixed incomes. Even with their Medicare Part D prescription drug plan they are paying substantial out-of-pocket costs. This means that they especially feel the pain of pharmaceutical companies' relentless price increases while bills that would provide lower prices have not been passed by Congress.

- The 62 million seniors and people with disabilities who receive Social Security have been especially harmed. Since 1992, the growth in out-of-pocket healthcare costs, including prescription drugs, has outstripped Social Security's cost-of-living adjustments by more than a third.

- Total U.S. prescription sales in the 2017 (latest data available) calendar year were $455.9 billion. On a per capita basis, inflation-adjusted retail prescription drug spending in the U.S. increased from $90 in 1960 to $1,025 in 2017. Unless legislative action is taken, prescription drugs are expected to see the fastest annual growth over the next decade, rising an average of 6.3% per year.

- Per capita prescription drug spending in the United States exceeds that in all other countries – even 40% more than Canada for essentially the same medications.

- Brand-name prescription drug prices have doubled between 2008 and 2016 and retail prices for some of the most popular prescription drugs older Americans take to treat everything from diabetes to high blood pressure to asthma increased by an average of 8.4% in 2017, far exceeding the 2.1% inflation rate for other consumer goods and services.

- Members of Congress have quoted Congressional Budget Office (CBO) studies from 2006-2007 to wrongly justify a claim there would be very little savings if Health and Human Services (HHS) required competitive bidding for Medicare's drug business. These are old irrelevant claims.

- **Will Congress take action to lower prescription drug costs, the fastest growing part of the nation's health care budget?** As a whole, members of Congress have to prove they are not bound by obligations to pharmaceutical and insurance companies more than their own constituents.

- **There is only one solution to this problem:** Congress should remove the prohibition on Medicare competitive bidding and replace it with a competitive bidding mandate to be applied wherever two or more FDA approved generic drugs, or two or more brand drugs, or a generic and brand drugs (upon patent expiration) treat the same medical condition.
- Countries that practice socialized medicine exact low prices for people served in their countries by demanding below market pricing from American pharmaceutical manufacturers.

- **There are two counter measures to our manufactures being forced to take losses:**
  A. Pharma companies should exit these markets, thus protecting Americans and our economy from subsidizing socialized medicine**.**

(Over)

B. To the extent pharma and Congress don't eliminate this unethical practice of absorption and passing of losses on to Americans and the U.S. economy, Congress must pass laws allowing importation of safe, and lower priced prescription drugs from Canada and elsewhere so that Americans and our economy benefit. Start with Canada NOW.

- The Secretary of HHS has the **authority under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003** to issue an order to begin legal importation from Canada but refuses to act.

- **The NRLN supports providing adequate funding to clear the FDA product approval backlog of over 4,000 generics.** This would make more affordable alternatives more readily available to patients.

- **The FDA has approved more than 1,600 generic drug applications since January 2017** – about a third more than it did in 2015 to 2016. **However, more than 700 (about 44%) of those generics weren't on the U.S. market as of early January 2019**, according to an analysis by Kaiser Health News. Also disgusting, 36% of generics that would be the first to compete against a branded drug are not yet for sale. That means thousands or even millions of patients have no option beyond buying branded drugs that can cost thousands of dollars per month.

- Consumers pay 94% of the branded drug price on average when one generic firm enters the market, but that drops to 52% with two competitors and to 44% with three, according to an FDA analysis. The savings ripple across the health-care system, and in 2016 generics saved $253 billion, according to a June 2017 report from the Association for Accessible Medicines.

Pass the following prescription drug bills in 2019:

H.R. 275 and S. 62, Empowering Medicare Seniors to Negotiate Drug Prices Act, and **H.R. 448 and S.99, Medicare Drug Price Negotiation Act.** Passage of either Act, would direct the Secretary of Health and Human Services (HHS) to negotiate lower prices for prescription drugs under Medicare Part D.

H.R. 478 and S. 61, Safe and Affordable Drugs from Canada Act, would allow the personal importation of safe and lower priced drugs from approved pharmacies in Canada.

S. 64, Preserve Access to Affordable Generics and Biosimilars Act, would prohibit the practice of pay-for-delay by brand name drug companies who make deals to delay or keep less expensive generic drugs off the market. In addition, it would prohibit biological product manufacturers from compensating biosimilar and interchangeable companies to delay the entry of biosimilar biological products and interchangeable biological products.

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