

U.S. Sen. Baldwin: Bipartisan reform to help lower prescription drug costs passes Senate Health Committee

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The bipartisan FAIR Drug Pricing Act takes the first step to address skyrocketing prescription drug costs by requiring transparency from drug corporations

WASHINGTON, D.C. – Today, U.S. Senator Tammy Baldwin’s bipartisan FAIR Drug Pricing Act passed the Senate Health, Education, Labor and Pensions (HELP) Committee. This bipartisan reform takes the first step in addressing skyrocketing prescription drug prices by requiring transparency for pharmaceutical corporations that plan to increase drug prices.

Senator Baldwin successfully included her legislation as an amendment to the Lower Health Care Costs Act, led by Chairman Lamar Alexander (R-TN) and Ranking Member Patty Murray (D-WA). The bipartisan legislation will now head to the full Senate for a vote.

“For too long, I’ve heard story after story from Wisconsinites who are struggling to afford the life-saving medications they need. Drug corporations are making prescription drugs more expensive with no systematic transparency to taxpayers,” said Senator Baldwin. “I am so proud that my colleagues from both sides of the aisle came together to support my bipartisan reform that will demand answers from drug companies who are jacking up the prices on the medications that Americans need. Now, I am calling on the full Senate to take action so we can take on the rising costs

of medicine people depend on.”

Over the past five years, brand name drug prices have increased at 10 times the rate of inflation. AbbVie has increased the price of top-selling anti-inflammatory drug Humira by almost 250 percent in the past five years to nearly \$40,000. Pfizer regularly increases the price of its drugs – often twice a year. In 2017, Pfizer raised drug prices twice by an average of 20 percent for more than 90 drugs.

Meanwhile, American taxpayers continue to pay more each year because of the rising costs of drugs. Medicare spent nearly \$130 billion on prescription drugs in 2016, and Medicare’s portion of U.S. national drug spending has increased from 18 percent in 2006 to 30 percent in 2017.

The Fair Accountability and Innovative Research (FAIR) Drug Pricing Act, which Baldwin introduced in May with Senators Mike Braun (R-IN), Lisa Murkowski (R-AK), and Tina Smith (D-MN), would require drug manufacturers to disclose and provide more information about planned drug price increases, including research and development costs. Increased transparency will help provide much-needed context for taxpayers, consumers and policymakers about the costs and value of medications, and may also incentivize companies to reassess the long-standing practice of relentless drug price increases.

Specifically, the FAIR Drug Pricing Act would require drug manufacturers to notify the U.S. Department of Health and Human Services (HHS) and submit a transparency and justification report 30 days before they increase the price of certain drugs that cost at least \$100 by more than 10 percent in one year or 25 percent over three years. The report will require manufacturers to provide a justification for each price increase, manufacturing, research and development costs for the qualifying drug, net profits attributable to the qualifying drug, marketing and advertising spending on the qualifying drug, and other information as deemed appropriate. The bill will not prohibit manufacturers from increasing prices, but it will, for the first time, give taxpayers notice of price increases and bring basic transparency to the market for prescription drugs.

This reform is supported by AARP, Campaign for Sustainable Rx Pricing, National Multiple Sclerosis Society, Patients For Affordable Drugs, American College of Physicians (ACP), American Academy of Neurology, Blue Cross Blue Shield Association, Kaiser Permanente, 340B Health, The Medicare Rights Center, Families USA, Center for Medicare Advocacy, Inc., Marshfield Clinic Health System, Security

Health Plan, Alliance of Community Health Plans (ACHP), Public Citizen, National Committee to Preserve Social Security and Medicare, Alliance for Retired Americans, and Medicare Rights Center.