

U.S. Sen. Baldwin: Introduces bipartisan legislation requiring transparency in prescription drug price increases

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WASHINGTON, D.C. – U.S. Senators Tammy Baldwin (D-WI), Mike Braun (R-IN), Tina Smith (D-MN) and Lisa Murkowski (R-AK) today reintroduced the *FAIR Drug Pricing Act*. The bipartisan legislation takes the first step in addressing skyrocketing prescription drug prices by requiring transparency for pharmaceutical corporations that plan to increase drug prices.

This year, drug companies have already enacted more than 800 price increases on brand name medications. Over the past decade, drug prices have risen at three times the rate of inflation. Despite doubts early during the pandemic, drug makers ended 2020 worth half a trillion dollars more than when the year started. Shares of Eli Lilly soared 28 percent, while shares of AbbVie shot up 21 percent during the year.

Meanwhile, American families, taxpayers and our health care system are footing the bill for price increases and struggling to afford needed medications. Taxpayers continue to pay more each year because of the rising costs of drugs. Medicare spends 23 percent of its budget on prescription drugs, adding to our \$22 trillion national debt.

“For too long, I’ve heard story after story from Wisconsinites who are struggling to afford the life-saving medications they need,” **said Senator Baldwin.** “Drug

corporations are making prescription drugs more and more expensive with no systematic transparency to taxpayers. My bipartisan reform will change that and demand answers from drug companies who are jacking up the prices on the medications that Americans need. It is time for Congress to take action and take on the rising costs of medicine people depend on.”

“It’s time for pharmaceutical companies to clean up their act, otherwise they will be stuck with one customer: the federal government,” **said Senator Braun**. “The FAIR Drug Pricing Act will help push Big Pharma into the right direction by requiring that drug companies notify the HHS Secretary and submit a transparency and justification report before they increase the cost of certain drugs by more than 10 percent over one year or 25 percent over three years.”

“We need to hold pharmaceutical companies accountable for the skyrocketing costs of prescription drugs. This is especially urgent during the pandemic, which has upended the economy and put many families under serious financial stress,” **said Senator Smith**. “Our bipartisan legislation will rein in pharmaceutical companies’ price gouging with new transparency requirements. It’s one of the many steps we must take to help people afford the medicine they need.”

“I continue to hear from Alaskans who ask that we in Congress do more to address unfair drug pricing. The high cost of prescription drugs in the U.S. is out of control and the lack of transparency from pharmaceutical companies has left people desperate for answers. The rapid increase in the price of pharmaceuticals can lead to poor health outcomes and leave a huge dent in the pockets of hardworking Americans. This has to change,” **said Senator Murkowski**. “Through the FAIR Drug Pricing Act, we deter aggressive increases in drug prices by requiring manufacturers provide a justification when they substantially increase their list price. This bill takes direct action to ensure pharmaceuticals are affordable for those who need them.”

The *Fair Accountability and Innovative Research (FAIR) Drug Pricing Act* 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.

The *FAIR Drug Pricing Act* is supported by the Campaign for Sustainable Rx Pricing; National Multiple Sclerosis Society; Patients For Affordable Drugs; American Academy of Neurology; Blue Cross Blue Shield Association; The Medicare Rights Center; Marshfield Clinic Health System; National Committee to Preserve Social Security and Medicare; Citizen Action Wisconsin; Center for Medicare Advocacy; ACHP; American College of Physicians; and AARP.

“Greater list price transparency will help crack down on Big Pharma’s price-gouging by shining a light on the industry’s egregious pricing practices. The FAIR Drug Pricing Act will add an important layer of transparency and accountability to the drug pricing market by requiring manufacturers to disclose and justify substantial price hikes. We applaud Senators Tammy Baldwin (D-WI) and Mike Braun (R-IN) for reintroducing this important market-based solution which garnered substantial bipartisan support in the last Congress. The FAIR Drug Pricing Act will show policymakers and consumers where prices are most out-of-control and help deliver American patients the open and honest drug prices they deserve,” **said Lauren Aronson, Executive Director, Campaign for Sustainable Rx Pricing.**

“Decades of rising prescription drug costs have had a crippling effect among seniors whose very lives depend on their medications to remain healthy and independent.

Improving the affordability of prescription drugs is high on the priority list for seniors and their advocates. A logical first step towards holding pharmaceutical companies accountable is requiring transparency on drug price increases. The National Committee applauds Senators Tammy Baldwin and Mike Braun for their Fair Drug Pricing Act, which will require drug manufacturers to justify rapidly escalating prices. Medicare beneficiaries and taxpayers deserve to know when price hikes reflect prioritizing corporate greed above consumer's needs," **said Max Richtman, President and CEO, National Committee to Preserve Social Security and Medicare.**

"We commend Senators Baldwin and Braun for introducing the Fair Accountability and Innovative Research (FAIR) Drug Pricing Act," **said Sarah Kaminer Bourland, Legislative Director for Patients For Affordable Drugs NOW.** "This bill takes a step in the right direction by bringing much needed transparency and accountability to our broken drug pricing system. We urge Congress to move quickly to advance the FAIR Act and additional legislation to lower the price of prescription drugs for American patients and consumers."

"No matter where we live, what we look like, or how much money we make, high prescription drug prices affect us all," **said Robert Kraig, Executive Director of Citizen Action of Wisconsin.** "For too long, Big Pharma executives have lined their own pockets at the expense of Wisconsin's health - aided by the lack of transparency in drug pricing. Citizen Action of Wisconsin and our members thank Senator Baldwin for being a champion of prescription drug affordability and working to bring much needed transparency to the pharmaceutical industry through the FAIR Drug Pricing Act. We call on the rest of Wisconsin's federal delegation to support this important piece of legislation."

"The costs of existing prescription drugs for neurologic conditions continues to rise, often regardless of significant market competition. For example, a new study of Medicare payments found that from 2013 to 2017, the payments for medications prescribed to people with neurologic conditions like multiple sclerosis increased by 50% while the number of claims for these prescription medications only rose by only 8%," **said James C. Stevens, MD, FAAN, President of the American Academy of Neurology.** "The FAIR Drug Pricing Act would take an important step towards understanding and addressing the rising cost of prescription drugs by

requiring that manufactures report and justify any significant price increase before it goes into effect, providing critical information to patients, physicians, and policymakers.”

“ACHP members see the significant financial burden high prescription drug costs have on patients every single day,” **said ACHP President and CEO Ceci Connolly.** “Our nonprofit, community health plans are doing their best to help patients manage costs and access the treatments they need – but more action is necessary to get unsustainably high drug costs under control. ACHP is encouraged by the bill’s focus on transparency and accountability in drug pricing and thank Senators Baldwin and Braun for their leadership on this critical issue.”

“Affordable access to medications is one of the top challenges faced by people with MS,” **shared Bari Talente, Executive Vice President of Advocacy and Healthcare Access at the National Multiple Sclerosis Society.** “While multiple policy solutions are needed to lower the costs of prescription drugs, the FAIR Drug Pricing Act is an important step in requiring basic transparency, justification and advance notice of price increases above certain threshold amounts. With prices for existing MS disease modifying treatments continuing to increase, more than half of respondents to a Society survey expressed concern with their ability to afford their medications over the next few years. We applaud Senators Baldwin and Braun for reintroducing this important legislation.”

“Everyone should have access to the prescriptions they need at a price they can afford,” **said Justine Handelman, senior vice president, Office of Policy and Representation for the Blue Cross Blue Shield Association.** “The FAIR Drug Pricing Act will provide much-needed transparency in how medicines are priced, addressing the rising cost of prescription drugs. We thank Sens. Baldwin, Braun, Murkowski and Smith for their bipartisan leadership and urge Congress to pass this important piece of legislation.”

More information on the *FAIR Drug Pricing Act* is available [here](#). Text of the legislation is available [here](#).

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