



# Medicare and Prescription Drug Prices

Americans pay the highest prices in the world for prescription drugs. Medicare Part D drug prices are projected to increase by 4.7 percent each year until 2026 and are expected to be the fastest growing part of health care spending. Higher drug prices affects beneficiaries' out-of-pocket costs and federal spending.

Numerous proposals in Congress would help reduce the exorbitant costs of medications, including the following:

## Medicare Drug Negotiation

Representative Lloyd Doggett (D-TX) and Senators Sherrod Brown (D-OH) and Amy Klobuchar (D-MN) have introduced the **Medicare Negotiation and Competitive Licensing Act (H.R. 1046 and S. 377)**. This legislation requires the Secretary of Health and Human Services to negotiate drug prices directly with pharmaceutical corporations, the way the government does now for Medicaid, the Defense Department and the Veterans Administration (VA). If those negotiations fail, the government is authorized to license patents in order to foster generic competition. Medicare could save \$16 billion a year if it secures the VA's prices for drugs.

## Drug Importation

Representative Elijah Cummings (D-MD) and Senator Bernie Sanders (D-VT) have introduced the **Affordable and Safe Drug Importation Act (H.R. 447 and S. 97)**, which allows drug importation from Canada, OECD partners or other countries with comparable safety standards.

## Drug Price Transparency

Representative Jan Schakowsky (D-IL) and Senator Tammy Baldwin (D-WI) introduced the **Price Relief, Innovation and Competition for Essential Drugs (PRICED) Act (H.R. 2296 and S. 1391)**. This legislation requires drug manufacturers to notify HHS and submit a transparency and justification report 30 days before increasing the price of a drug that costs at least \$100 by more than 10 percent over one year or 25 percent over three years.

### House Passed Bill to Lower Drug Prices

The Senate should pass the Strengthening Health Care and Lowering Prescription Drug Costs Act (H.R. 987), which passed the House on May 26, 2019 with a vote of 234 to 183. H.R. 987 reverses some of the sabotage perpetrated by the current Administration on the Affordable Care Act (ACA) and helps lower drug prices in the following ways:

**Implements the CREATES Act**, which will bring more low-cost generic medicines to market. This provision allows generic drug manufacturers to purchase samples of brand-name drugs, so they can confirm that their version of a drug is biologically similar to the brand name drug.

**Bans “Pay-for-Delay” Agreements**, payments by brand-name pharmaceutical corporations to generics manufacturers which agree to keep lower cost generics off the market. According to the U.S. Federal Trade Commission, “pay-for-delay” agreements cost American taxpayers and consumers \$3.5 billion every year by keeping drug prices high.

**Enacts the BLOCKING Act**, which shortens the amount of time it takes to get generic drugs on the market by prohibiting generic companies from “parking” their exclusivity. Today, the first generic filers to obtain FDA approval for a drug are granted 180 days of market exclusivity. During this time period, no other generic manufacturer can bring the same drug to market. However, some generic companies don’t release the drugs immediately after gaining approval, a practice called “parking.”