



DRUG PRICING TRANSPARENCY
TO ADDRESS SKYROCKETING
PRESCRIPTION DRUG PRICES

The FAIR Drug Pricing Act

*Bipartisan reform from Senators Tammy Baldwin and John McCain and
Representative Jan Schakowsky*

The bipartisan and bicameral *Fair Accountability and Innovative Research (FAIR) Drug Pricing Act* takes the first step in addressing skyrocketing prescription drug prices by requiring basic transparency for pharmaceutical corporations that increase drug prices by more than 10 percent in a year.

Drug corporations are making prescription drugs more and more expensive with no systematic transparency to taxpayers

- Major drug companies have drastically raised their prices, even for top selling drugs. In addition to the extreme price increase of the EpiPen, prices more than doubled for four of the top ten selling drugs over the past five years.
- AbbVie has increased the price of top-selling anti-inflammatory drug Humira in the last ten years to almost \$4,441 today for one pen injector.
- Kaleo increased the price of lifesaving opioid overdose drug Evzio from \$690 to \$4,500.
- Since 2002, drug companies have increased the price of insulin by more than 200 percent to almost \$736 per patient a year.
- In 2016, price increases accounted for 100 percent of the pharmaceutical industry's \$8.7 billion growth in earnings.

American families, taxpayers and our health care system are footing the bill for these price increases and struggling to afford needed medications

- Taxpayers continue to pay more each year because of the rising costs of drugs. Medicare spends 19 percent of its budget on prescription drugs.
- Part D costs continue to increase considerably faster than other parts of Medicare. According to CMS, about 540 drugs covered by Medicare Part D had increases in cost-per-unit of at least 25% during 2014. The taxpayer-funded Medicare Part D program saw its total drug costs increase from \$104 billion to \$121 billion between 2013 and 2014.
- U.S. prescription drug spending reached a record high of \$425 billion in 2015, with expectations that such spending will surpass \$600 billion by 2020.
- According a recent AARP study, 97 percent of widely-used brand name drugs had a price increase that exceeded inflation in 2015.

The FAIR Drug Pricing Act brings transparency to drug price increases

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 over 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.

HHS will make the information from these reports publicly available within 30 days in an understandable online format. HHS will be required to submit an annual report to Congress summarizing the information and reports submitted by drug manufacturers under this bill.