



DRUG PRICING TRANSPARENCY
TO ADDRESS SKYROCKETING
PRESCRIPTION DRUG PRICES

The FAIR Drug Pricing Act

Senators Tammy Baldwin, Mike Braun, Tina Smith, and Lisa Murkowski

The bipartisan *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.

Drug corporations are making prescription drugs more and more expensive with no systematic transparency to taxpayers, even in the midst of a pandemic.

- One in four Americans struggles to pay for the cost of their prescription medications.ⁱ
- This year, drug companies have already enacted more than 800 price increases on brand name medications.ⁱⁱ Over the past decade, drug prices have risen at three times the rate of inflation.ⁱⁱⁱ
- 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.^{iv}
- The pandemic also presented an opportunity to enrich wealthy shareholders. From January to August of 2020, the stock market value for the eight biotech companies on the S&P 500 grew by \$130 billion. During the same period, executives and insiders from just three of these companies — Moderna, Inovio and Vaxart — made at least \$370 million in sales of company stocks.^v
- The three corporations that manufacture insulin continue to increase prices of the drug, and a recent bipartisan Senate Finance Committee report found that insulin makers Novo Nordisk and Sanofi actually increased prices in lockstep—sometimes within hours or days of each other.^{vi}
- Sanofi continues to increase the price of its popular insulin Lantus, which cost just \$35 in 2001 and now costs more than \$300.
- The price of top-selling anti-inflammatory drug Humira rose from about \$19,000 in 2012 to more than \$70,000 in 2020.^{vii}
- Celgene launched Revlimid in 2005 at a price of \$215 per pill. The company has increased the price of the drug more than 20 times, and it now costs \$763 per pill, or \$16,023 per month.^{viii}
- As prices continue to increase, big drug corporations are surpassing profit expectations.

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 23 percent of its budget on prescription drugs, adding to our \$22 trillion national debt.^{ix}
- 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.^x
- Medicare Part D enrollees spent \$31 billion in out-of-pocket costs (premiums and cost-sharing) in 2017 and Medicare Part B spending on prescription drugs more than doubled between 2009 and 2017.^{xi}

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; the 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 all of the information from these reports publicly available within 30 days in an understandable online format, and will submit an annual report to Congress summarizing the information submitted by drug manufacturers.

The FAIR Drug Pricing Act is supported by a number of stakeholders including 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

ⁱ <https://www.kff.org/slideshow/public-opinion-on-prescription-drugs-and-their-prices/>

ⁱⁱ <https://www.goodrx.com/blog/january-drug-price-hikes-2021/>

ⁱⁱⁱ <https://jamanetwork.com/journals/jama/article-abstract/2762310>

^{iv} <https://www.evaluate.com/thought-leadership/vantage/evaluate-vantage-pharma-biotech-medtech-2020-review>

^v https://www.lowerdrugpricesnow.org/wp-content/uploads/LDPN_Pandemic_Profitteering_REPORT-FINAL.pdf

^{vi} [https://www.finance.senate.gov/imo/media/doc/Grassley-Wyden%20Insulin%20Report%20\(FINAL%201\).pdf](https://www.finance.senate.gov/imo/media/doc/Grassley-Wyden%20Insulin%20Report%20(FINAL%201).pdf)

^{vii} https://www.washingtonpost.com/business/economy/why-humiras-price-keeps-rising-despite-fda-approval-of-generic-competition/2020/01/07/549ed0ce-2e3a-11ea-bcb3-ac6482c4a92f_story.html

^{viii} <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/Celgene%20BMS%20Staff%20Report%2009-30-2020.pdf>

^{ix} https://energycommerce.house.gov/sites/democrats.energycommerce.house.gov/files/documents/MedPAC_Testimony_for_EandC_04_30_2019.pdf

^x <https://www.kff.org/infographic/10-essential-facts-about-medicare-and-prescription-drug-spending/>

^{xi} https://energycommerce.house.gov/sites/democrats.energycommerce.house.gov/files/documents/MedPAC_Testimony_for_EandC_04_30_2019.pdf