



the campaign for

SUSTAINABLE Rx PRICING

Rodney Whitlock

www.CSRxP.org

What is the Campaign?

- The Campaign for Sustainable Rx Pricing is a project of the National Coalition on Health Care Action Fund, a nonprofit and nonpartisan organization dedicated to improving the United States' health care system and keeping it affordable.
- The Campaign's mission is to foster and inform the debate on sustainable drug pricing.
- We work to raise the national profile of this vital issue and develop market-based policy solutions that focus on transparency, competition and value.



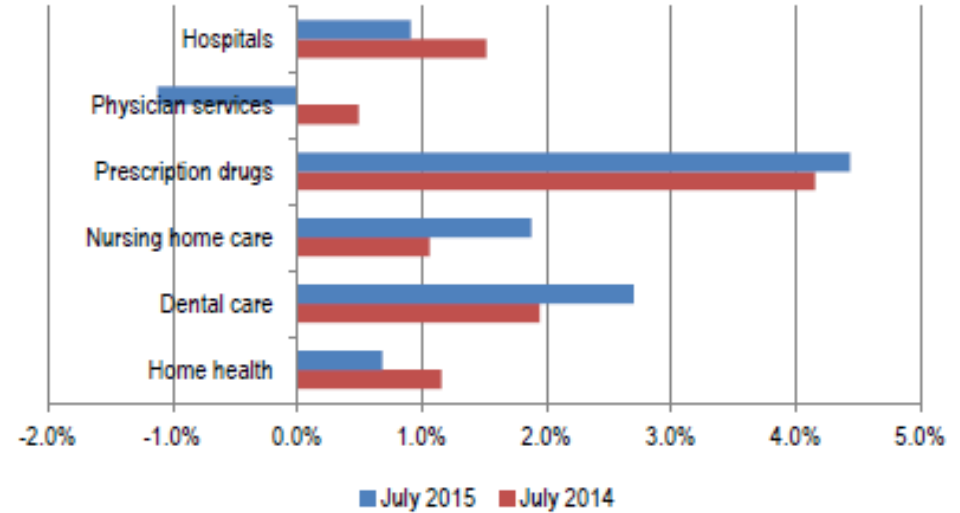


the campaign for **SUSTAINABLE Rx PRICING**
Transparency. Competition. Value.



Rx Costs are Growing Faster Than Any Other Part of the Health Care Dollar

Exhibit 3. Year-over-Year Price Growth for Selected Health Categories



Source: Altarum analysis of monthly BLS data.



The Problem

- As Dr. Gottlieb recently wrote, “over the last decade alone, competition from safe and effective generic drugs has saved the health care system about \$1.67 trillion.”
- Generic competition is, however, too often blocked by branded manufacturers seeking de facto extensions of their de jure monopolies
- As Dr. Woodcock testified in 2016, branded manufacturers “feel it is their duty to their stockholders to delay competition as long as possible.”



The Problem

- Anticompetitive tactics by branded manufacturers abuse patient safety tools to forestall generic entry into the marketplace, for example:
 - Use of REMS and non-REMS restricted distribution networks to block generic manufacturer access to samples required for comparative testing.
 - Intentionally-prolonged negotiations over single shared REMS, which is statutory default.
- A study commissioned by the Association for Accessible Medicines found that restricted distribution network abuses cost the health system \$5.4 billion annually.



Solutions

- A study commissioned by PhRMA found that the price of generic medications falls 66% within the first year of coming onto the market.
- Reduced barriers to entry for generic competition = significant savings across entire healthcare system.
- There is no silver bullet, but ending anticompetitive actions by branded manufacturers is significant first step towards restoring a competitive marketplace & reducing prices.



Next Steps

- FDA's proposed course of action is a welcome first step that the Campaign fully supports.
- That said, FDA is constrained by legislative authority to address full scope of anticompetitive conduct, and further legislation is needed to resolve the problem.
- FAST Generics & CREATES Act – bipartisan, bicameral solutions that prohibit all-too-common anticompetitive abuses – would complement FDA's pro-competitive initiatives.

