



DRUG PRICING TRANSPARENCY
TO ADDRESS SKYROCKETING
PRESCRIPTION DRUG PRICES

The FAIR Drug Pricing Act

Senators Tammy Baldwin and Mike Braun & Representatives Jan Schakowsky and Francis Rooney

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.

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

- Over the past five years, brand name drug prices have increased at 10 times the rate of inflation.
- Drug corporations that received billions in benefits from the recent tax law have since announced more than \$50 billion in stock buybacks— enriching wealthy shareholders as drug prices continues to increase.
- In the last decade, the three corporations that manufacture insulin increased the price of insulin by 700 percent in lockstep.
- Sanofi continues to increase the price of its popular insulin Lantus, which cost just \$35 in 2001 and now costs more than \$270.
- AbbVie has increased the price of top-selling anti-inflammatory drug Humira by almost 250 percent in the past five years to nearly \$40,000.
- Pfizer regularly increases the price of its drugs – often twice a year. In 2017, Pfizer raised drug prices twice by an average of 20 percent for more than 90 drugs.
- In 2017, Celgene increased the price of Revlimid, a critical blood cancer drug, by nearly 20 percent to \$18,546.
- As prices continue to increase, big drug corporations are surpassing profit expectations for the first quarter of 2019 according to earnings reports.

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.
- 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.
- 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.

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.