Improving Access to Prescription Drugs

S. 909 **Sen. Bernie Sanders** H.R. 2148 **Rep. Ro Khanna**
Sponsored by **Sen. Sherrod Brown** H.R. 4811 **Rep. Lloyd Doggett**
S. 920 **Sen. Bernie Sanders** H.R. 2181 **Rep. Peter Welch**

Today's exorbitant prescription drug prices have created a public health crisis for Americans.

U.S. spending on prescription drugs has increased dramatically over the last several decades as a result of skyrocketing drug prices, and shows no sign of slowing.

- Since 1984, spending on retail drugs swelled 761 percent, adjusting for inflation. Over the same period, drug costs more than doubled as a percentage of total national health expenditures — growing from 4.8 percent to 9.8 percent of total spending.[1] Growth in prescription drug spending has been even more pronounced in recent years, with overall spending having grown 20 percent between 2013 and 2015 alone.[2]
- This increase in spending reflects enormous spikes in prescription drug prices:
  - From 2008 to 2015, the price of brand-name drugs increased 164 percent, while the price of nearly 400 generic medications increased by more than 1,000 percent.[3]
  - Between 2011 and 2015, the average price increase for the nation's top 10 selling brand-name drugs was 91 percent.[4]
- Spending on drugs is projected to grow 80 percent over the next 10 years.[5]

U.S. prices are far higher than those in other nations.

- In 2015, U.S. prices for the world's 20 top-selling drugs were three times higher than in Britain, six times higher than in Brazil, and 16 times higher than the average in the lowest priced country, usually India.[6]
- 79 percent of Americans say the cost of prescription drugs is "unreasonable."[7]

The result? Nearly one in five Americans do not fill a prescription written by their doctor because they cannot afford it.[8]

Why are the prices of prescription drugs in the United States so high?

- The patent system allows drug manufacturers to maintain monopolies on medications for 20 years, and therefore charge exorbitant prices. Pharmaceutical companies often use a variety of tactics to extend their patents for longer than the original time period. Once a drug is off-patent and produced generically, drug prices decline substantially. Prices decline by 55 percent of the original brand name cost once there are two generics on the market and to 33 percent of original cost with five generics.[9]
- Unlike most other industrialized countries, the U.S. government does not negotiate drug prices with pharmaceutical companies at the national level (except for prescriptions for service members, veterans, and a narrow range of other patients). Medicare, by far the largest single buyer of prescription drugs in the United States, accounting for 28 percent of all purchases, is barred by law from negotiating with drug companies over prices. As a result, drug corporations are allowed to set prices to maximize profits, knowing that the public will pay exorbitant prices for life-saving medications.

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- One of the most common myths about high drug prices is that drug companies charge high prices to cover the cost of expensive drug research and development (R&D). However, there is little truth to this argument:
  - Taxpayer dollars subsidize billions of dollars worth of scientific drug R&D through grants to public universities, medical schools, and the National Institutes of Health. These publicly-financed innovations are sold to pharmaceutical companies which patent the drug, and then sell the medications to taxpayers at inflated prices. An analysis of the most transformative drugs of the last 25 years found that more than half of the identified drugs had their origins in publicly funded research.[10]
- Although 85 percent of cancer basic research is funded with taxpayers' money, Americans with cancer pay 50 percent to 100 percent more for the same patented drug than patients in other countries.[11]
- Drug companies spend significantly more on marketing and sales than on R&D. A review of the top 100 pharmaceutical companies in the U.S. shows that in 2015, 68 companies spent twice as much on marketing and sales (M&S) than on R&D, with 27 of those spending ten times as much. On average, these 100 companies spent a mere 8.32 percent on R&D while spending for M&S was 23.74 percent, almost three times more.[12]

The Prescription Drug Price Relief Act (S. 909 and H.R. 2148) offers a common-sense, market-based solution to the drug price crisis in the United States, by bringing drug prices in line with those in other industrialized countries and allowing for generic competition for excessively priced prescription drugs.

- The legislation would require the Secretary of Health and Human Services to make sure that American patients do not pay more for prescription drugs than the median price of the same drug in the United Kingdom, France, Germany, Japan, and Canada.
- If pharmaceutical corporations refuse to lower their prices to the median price of the drug in these five countries, the bill requires the federal government to issue a compulsory license for the patent to allow generic production of the drug to lower the price.

The Medicare Negotiation and Competitive Licensing Act (Sponsored by Sen. Sherrod Brown and H.R. 4811) would drastically lower drug prices under Medicare, by allowing Medicare to negotiate with pharmaceutical companies, and use competition to attain more reasonable prices.

- The legislation authorizes the Secretary of Health and Human Services to negotiate drug prices directly with pharmaceutical manufacturers.
- If negotiation with a manufacturer fails, the Secretary would issue a competitive license allowing other manufacturers to produce the drug for Medicare with lower prices.

The components of this bill are incorporated into H.R. 1976, the Medicare for All Act.

The Affordable and Safe Prescription Drug Importation Act (S. 920 and H.R. 2181), permits the United States to import prescription medicines from other countries that meet our standards — a common-sense method for lowering prices.

- This legislation would instruct the Secretary of Health and Human Services to issue regulations allowing wholesalers, licensed U.S. pharmacies, and individuals to import qualifying prescription drugs manufactured at FDA-inspected facilities from licensed Canadian sellers.
- After two years, the Secretary would have the authority to permit importation from OECD countries that meet specified statutory or regulatory standards that are comparable to U.S. standards.

According to a February 2019 poll by the Kaiser Family Foundation, nearly 8 in 10 Americans support prescription drug importation from Canada.

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Sources »

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