

Amend H.B. 5384!

Protect Generic Rx Access for Connecticut Patients

DON'T HARM PATIENT ACCESS TO FDA-APPROVED GENERIC MEDICINES BY CHILLING GENERIC DRUG COMPETITION

Everyone supports containing skyrocketing prescription drug prices, but **Connecticut H.B. 5384 will actually just make the problem worse for Connecticut patients and our economy.** Generic medicines saved Connecticuters \$2.9 billion in the year 2016 alone.

While well-intentioned, this bill doesn't address the real cause of high drug prices, and would penalize lower-cost FDA-approved generics. Sadly, this disconnect could have the reverse effect of raising drug costs in Connecticut.

Instead, the legislature should:

- **Enhance drug competition, not chill it.** A better approach to tackling patients' high drug costs is to increase the competition that has led to falling prices for generics. Year over year, generic drug prices fall while brand-name drug prices rise. This is according to the Federal government, AARP and other independent sources – including your own experience at the pharmacy. Generic prices have fallen for 16 straight months. The GAO found that generic prices fell 59% from 2010 through 2015 in Medicare Part D, while HHS reported, "Our review of evidence strongly supports the conclusion that generic drug prices are not an important part of the drug cost problem facing the nation."

Legislation ensuring these favorable trends continue is the best way to protect patients.

Savings in Connecticut

SOURCE: IQVIA, 2016



Medicaid:
\$529 Million

Cash (Non-Insured):
\$124 Million

Medicare:
\$851 Million

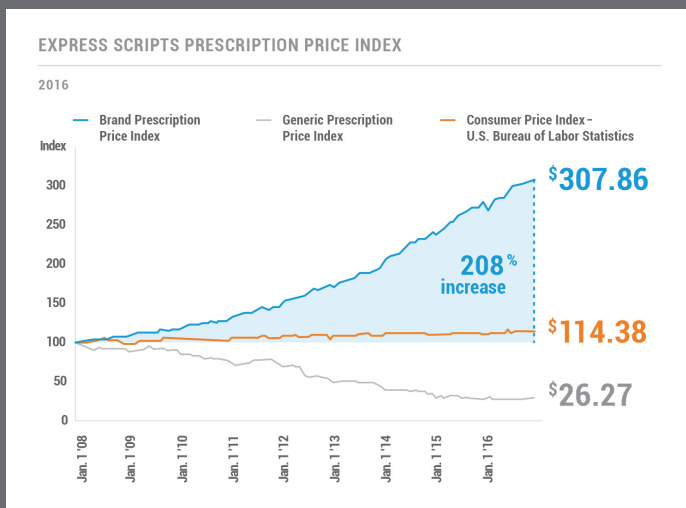
Commercial Insured:
\$1.4 Billion

Total: \$2.9 Billion

These amendments would harm generic savings because they:

- **Overregulate generics and hurt patients!** This bill puts more regulatory burdens and reporting requirements on generic drugmakers and will add costs that may end up in higher prices and fewer choices for patients. The bill considers all drugs that increase more than twenty-five percent in one year eligible to report to the state. This means manufacturers of low-cost generic products that increase from \$0.10 to \$0.13 per pill could be required to report, but manufacturers of drugs that increase from \$100,000 to \$120,000 are not required.
- **Give insurance and brand pharmaceutical companies a pass to game the health care system and patients.** This bill will allow insurance and brand pharmaceutical companies to make more money at the cost of patients. Brand drugs account for only 11% of prescriptions but a whopping 74% of all drug costs according to QuintilesIMS. By calculating reporting off a pure percentage increase, the bill will overwhelmingly capture generic drugs with small price increases that can appear as large percentage increases. Meanwhile, brand companies with drugs that increase thousands of dollars will not be required to report.
- **May drive generic alternatives away from Connecticut.** This bill would reduce competition that leads to affordable prices for patients. H.B. 5384 will have the opposite effect of the legislator's intent – to reduce pharmaceutical prices – and will require reporting from low-cost products that save Connecticut patients and the state money. Implementing these reporting requirements could result in generic manufacturers exiting the market for fear of triggering new obligations that won't save patients money to begin with.

Policies focused only on percentage increases would disproportionately target lower cost generic medicines, which cost pennies per pill. AAM urges lawmakers to amend the bill to include a wholesale acquisition cost floor of \$100 and to limit the list to report to no more than three generics.



Market Dynamics

Year over year, generic drug prices fall, while brand-name drug prices rise. The overall price of generics fell over 8% in 2016, and prices are down more than 70% since 2008.

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