



JAMES L. MADARA, MD
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June 19, 2017

The Honorable Paul D. Moriarty
New Jersey General Assembly
State House
P.O. Box 098
Trenton, NJ 08625-0098

Re: American Medical Association support for increased transparency of drug prices (A 762)

Dear Assemblyman Moriarty:

On behalf of the American Medical Association (AMA) and our physician and medical student members, I write in support of Assembly Bill 762 (A 762), "An Act concerning prescription drug cost reporting." This bill would, among other things, help provide patients and the legislature with relevant information about the manufacturing, production, research and development, advertising and other associated costs for prescription medications. We appreciate that this bill would include both generic and brand medications in its scope—as there are examples of dramatic price increases in both categories.

While the AMA understands that the reasons for price increases are highly complicated and varied, we also understand that rising costs may adversely affect patients' health when they cannot afford the medications prescribed to them. A 762 will help provide some key, basic facts concerning how manufacturers spend money to bring their products to market—and how they market those products to patients and others.

We also note that manufacturers are only one part of the drug cost equation. While A 762 does not address the role of health insurers and pharmacy benefit managers (PBMs), these two important stakeholders play a critical role due to their ability to affect patient cost-sharing, drug tiering decisions, and whether to change formularies in the middle of a plan year.

The AMA supports A 762 for its focus on increasing transparency on one important element of how drug prices affect patients, but we urge you to also consider the roles that health insurers and PBMs play in potentially adversely affecting patients' access to needed medications. If you have any questions, please contact Daniel Blaney-Koen, JD, Senior Legislative Attorney, AMA Advocacy Resource Center, at daniel.blaney-koen@ama-assn.org, or (312) 464-4954.

Sincerely,

A handwritten signature in black ink that reads "James L. Madara". The signature is written in a cursive, flowing style.

James L. Madara, MD

cc: Medical Society of New Jersey