

August 9, 2018

The Honorable Susan Collins
United States Senate
413 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Collins:

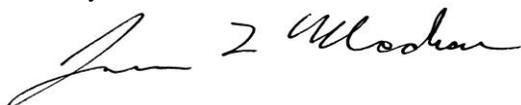
On behalf of the physician and medical student members of the American Medical Association (AMA), I am pleased to offer our strong support for S. 2554, “The Patients Right to Know Drug Prices Act of 2018,” as amended. The AMA applauds your leadership and efforts to address the varied causes driving cost prohibitive prescription medications that create barriers to patients receiving the right care at the right time. S. 2554, as amended, would prohibit health insurers and pharmacy benefit managers from using “gag clauses” that prevent pharmacists from sharing with patients the lower cost options when patients are purchasing medically necessary medication. In addition, the legislation will ensure that the Federal Trade Commission (FTC) will have the necessary authorities to combat anti-competitive pay-for-delay settlement agreements between manufacturers of biological reference products and follow-on biologicals. The AMA has vigorously advocated for prohibition on pharmacy gag clauses and expanded FTC authorities to combat pay-for-delay agreements—as the foregoing harm patients by driving up prices and out-of-pocket expenses.

The AMA is extremely concerned with the escalating price of prescription medication and the negative patient health outcomes that result when a patient is not able to afford their medication. The underlying drivers of these higher costs are many, but anti-competitive practices like pay-for-delay agreements between manufacturers have long been opposed by the AMA. We have strongly supported the exercise of the FTC’s full scope of existing authorities to combat such agreements. In addition, to curtail lengthy litigation, the AMA also supports providing the FTC with additional statutorily explicit authority over biologicals and follow-on products to ensure that there is no ambiguity with regard to the scope of the FTC’s authority. As biologicals and follow-on products represent substantial costs to patients and the health care system, it is important that the FTC is able to protect consumers and ensure there is a competitive market in biological and follow-on products.

Furthermore, transparency in the pharmaceutical supply chain is essential to identifying what is driving high prices while also providing critical insights on how to combat practices and policies that are contrary to the interests of patients. Pharmacy gag clauses are a clear example of policies that harm patients. The AMA advocates that pharmacies must be able to list the full retail price of the prescription on the receipt along with the co-pay that is required in order to better inform our patients of the price of their medications. We strongly support legislation that will not only allow, but require pharmacies to inform patients of the actual cash price as well as the formulary price of any medication prior to the purchase of the medication. The AMA opposes provisions in pharmacies’ contracts with pharmacy benefit managers that prohibit pharmacists from disclosing that a patient’s co-pay is higher than the drug’s cash price.

The AMA applauds your efforts in this important area and looks forward to helping you advance this legislation.

Sincerely,



James L. Madara, MD