



ISSUE BRIEF » ECONOMIC JUSTICE

FCNL Supports Comprehensive Drug Pricing Reform

The cost of prescription drugs in the U.S. has caused incredible harm for far too long. But bipartisan momentum for a drug pricing reform bill is growing. The president called for such a bill in the 2020 State of the Union address, and there is bipartisan legislation in the House and the Senate.

The House passed the Elijah Cummings Lower Drug Costs Now Act (H.R.3) and the Senate Finance Committee passed the Prescription Drug Pricing Reduction Act (S.2543). Congress needs to take action and pass these bills into law as soon as possible.

1. A majority of Americans care deeply about this issue¹.

According to a Kaiser Family Foundation study¹, one in four Americans have trouble paying for prescription drugs. They have to choose between paying for medication or paying for food or housing.

2. The rising cost of prescription drugs is unsustainable.

The overall cost to the American taxpayer has risen by 6.3 percent annually. 43 percent of drug costs are borne by the federal government, reaching \$1,112 per capita in the U.S. (compared to \$325 per capita in Denmark).

Further, the 50 most costly drugs make up almost half of Medicare Part D spending, which is prescription drug coverage for people on Medicare.

3. Current laws allow drug companies to profit from unethical practices.

High profile unethical practices have blown up prices for millions of Americans who need insulin, injectable epinephrine (Epipen) or other well-established drugs². These practices reveal the protective corporate treatment in American law and regulation.

4. Individuals in the U.S. pay more for the same drugs than those in other countries.

According to the Brookings Institute, the U.S. accounts for an estimated **64 to 78 percent** of global pharmaceutical profits (Brookings Institute) as other countries' citizens have access to these same life-saving drugs but at lower negotiated prices¹.

By the Numbers

1 in 4

Americans have trouble paying for prescription drugs.

6.3%

Annual growth rate of prescription drug costs.

64-78%

Portion of worldwide pharmaceutical profits coming from the US.

As we seek a world where health care is affordable and accessible, prescription drug costs must be addressed. This is a moral issue: Congress cannot stand aside and allow companies to make huge profits while Americans die for lack of access to medications because of cost.

FCNL's Drug Pricing Principles

Proposed legislation in Congress should include the following principles:

1. Medications should be **affordable to individuals**. This means the share of the cost of drugs must be within the patient's ability to pay for them. Medicare might, for example, place a cap on out-of-pocket expenditures.
2. The laws must change to allow **negotiation** of prices between government payers and pharmaceutical companies. This could allow savings for publicly funded programs, potentially freeing up resources for other public good or deficit reduction.
3. Laws must be amended in the interest of **public good**, not in the interest of increasing corporate profit, and must forbid unethical corporate practices.
4. Assure there is a **high-quality generic drug** manufacturing system, since the bulk of life-saving medications are in this category.
5. The American people should continue to support and fund basic research that leads to break-through treatments and should realize a **share of any profits** generated by that investment.

We urge Congress to develop bipartisan legislation that addresses the high cost of prescription drugs. It is clear that the president, as well as Republicans and Democrats in Congress, have ideas of where to begin. We hope that any final legislation will address all our shared values for health care prescription costs that are affordable for all.

Congress cannot stand aside and allow companies to make huge profits while Americans die for lack of access to medications because of cost.

¹ Kaiser Family Foundation, 2016. *Large Majorities Favor Wide Range Of Policy Changes To Curb Prescription Drug Costs, Including Those That Give Government A Greater Role In Negotiating Or Limiting Prices.*

² Mylan's Epipen Pricing Crossed Ethical Boundaries
Daniel Kozarich - <https://fortune.com/2016/09/27/mylan-epipen-heather-bresch/>