



1600 20th Street, NW • Washington, D.C. 20009 • 202/588-1000 • [www.citizen.org](http://www.citizen.org)

## **Making Medicine Affordable**

### **People are suffering due to outrageous prescription drug prices.**

- About four-in-ten American adults report [rationing their medicine](#) due to cost. No one should have to choose between basic necessities like groceries and caring for the medical needs of loved ones.

### **Prices are high because of prescription drug corporations' monopoly power.**

- Patents and other government-granted exclusivities give corporations the [power to set prices](#), launching new drugs at tens or hundreds of thousands of dollars per year.
- The median annual list price of a new drug set by drug corporations is [nearly \\$400,000](#). They routinely price cell and gene therapies at over \$1 million per year.
- Corporations also spike the prices of older drugs across their product portfolios year-by-year.

### **The government imposes few disciplines on price.**

- Medicare, the world's largest drug purchaser, is prohibited from negotiating lower drug prices until a medicine has been on the market for nearly a decade or even longer.
- Our health agencies do nothing to restrain prices drug corporations charge the more than 200 million Americans who get their health insurance through their employer, the Affordable Care Act marketplace, or another private source.

### **The reason for these failures is clear: Big Pharma lobbying.**

- Big Pharma has spent [more than \\$100 million](#) annually on lobbying for the last 20 years, and they are spending more than ever before.
- Pharma employs 200 more lobbyists than there are senators and members of Congress in Washington.
- Drug corporations and industry groups [spend billions](#) of dollars through grants to advocacy organizations and academic institutions to deepen their influence.

*We can change this.* Congress has power to reduce prices and so does the President under existing law. We can make medicines affordable for everyone.

## Solutions

**Government needs to do four things:** Increase negotiating power, block price spikes, curb monopoly abuses and cap patient costs.

**Negotiate prices on all drugs so drug corporations can no longer charge us [3-4 times more](#) for the same drugs as it does in other countries.**

- President Biden and congressional Democrats broke Big Pharma's spell for the first time in a generation to finally empower Medicare to negotiate prices for some older drugs.
- [Eight-in-ten](#) support going further and Medicare negotiating prices on all the drugs it purchases to pay no more than what the same drugs sell for in other countries.
- The United States can [cut drug prices in half](#), or even more, by using international prices as a ceiling in Medicare price negotiations – and then extending access to these lowered prices for all Americans.
- This approach will save [\\$150 billion annually](#) across Medicare and private insurance and sharply reduce out-of-pocket spending for patients.

### **Block year-to-year price spikes.**

- Pharma Bro price-spiker Martin Shkreli did not act alone. Branded drug corporations routinely jack up the price of products, at rates [outpacing inflation](#).
- Medicare and Medicaid have protections against price spikes, but people who get their insurance through their employer or the ACA are excluded. Congress should pass legislation penalizing drugmakers for price spikes for all patients.

### **Fight monopoly power.**

- We the people give drug corporations their monopoly power, and we can take that power back.
- Low-cost generic medicines have saved the country more than [\\$1 trillion](#) (possibly [much more](#)).
- Drug corporations utilize an array of tricks to lengthen their monopolies and Congress must put a stop to them, including “evergreening,” patent thickets, product hopping, pay-for-delay and citizen petition abuse.
- Congress should rationally limit follow-on patents that extend monopolies years or even decades and rescind exclusivities it has created.
- When public, taxpayer dollars fund research and development, grantmaking agencies must condition that support on fair pricing and access.
- The President should authorize generic competition with patented products case-by-case when corporations set abusive prices.

## Cap out-of-pocket costs.

- Unaffordable out-of-pocket costs force millions of patients to [ration treatment](#) by cutting pills in half, skipping doses, leaving prescriptions unfilled and other measures.
- President Biden and congressional Democrats established a \$2,000 annual out-of-pocket cap, helping the Medicare beneficiaries hit hardest by high drug costs.
- By lowering the prescription drug out-of-pocket cap and expanding it to Americans who get insurance through their employer or the ACA, policymakers can improve adherence and make drugs affordable for [millions of Americans](#).

## Principles

### We can have both affordable medicine and better innovation.

- We are paying for monopoly. Corporations price to maximize revenue, not according to R&D costs.
- Taxpayer-funded research supported [every new drug](#) approved from 2010–2019.
- Taxpayers fund nearly [\\$50 billion](#) in medical research each year through the National Institutes of Health.
- Drug corporations profit massively off this subsidy. NIH should require affordable pricing and equitable access in return.
- NIH research is extremely productive and should be expanded so that health, rather than profit, guides our medical research priorities.

### Polling shows that, on a bipartisan basis, Americans want bold solutions.

- [Eight-in-ten](#) support Medicare negotiating prices on all the drugs it purchases to pay no more than what the same drugs sell for in other countries.
- [Eight-in-ten](#) favor breaking patent monopolies to reduce drug prices.
- [Two-thirds](#) favor making prescription drugs public goods paid for by the federal government.
- [Three-in-four](#) favor shortening monopoly periods.
- [Nine-in-ten](#) small business owners believe that drugs developed with taxpayer dollars should be made affordable to every American.

### Even without Congressional action, the President can slash prices under existing law.

- Under [Section 1498](#) the government may authorize generic competition or manufacture patented medicines for public programs at any time, in exchange for reasonable competition.
- Through [march-in rights](#) the government may authorize generic competition for the entire U.S. market when federal funding led directly to the invention of a new drug.
- The government used these powers to buy low-cost generic versions of patented drugs in the 1960s. Government agencies continue to use these patent powers in other sectors today (energy, defense). Louisiana leveraged the prospect of patent licensing to negotiate

major discounts for the hepatitis C cure. The George W. Bush administration did the same during the [anthrax scare](#).

- Our government agencies can require fair pricing and equitable access in R&D contracts and other agreements, as the [NIH has begun to do](#), in part.
- The President should insist, and can require, that taxpayers get affordable prices for the treatments and cures their public research dollars made possible.

*Corporations and their lobbyists try to complicate this issue, but the basic principle is simple: if we stand up to the monopoly power of Big Pharma, we can make medicine affordable for everyone.*