Whereas, The three largest Pharmaceutical Benefit Managers (PBMs) now have more than 180 million customers and control approximately 80% of the U.S. market with combined operating profits of these three PBMs increasing from $3.4 billion in 2007 to $12.4 billion in 20161; and

Whereas, The size of the manufacturer's rebate to a PBM for some therapeutic classes may be 50% or more of the manufacturer's list price, with the PBM retaining 10%, 15%, or more of the rebate as profit. Since the PBM will generate more profit as the manufacturer increases its list price, the business model has been widely cited as a contributor to the steady increase in prescription drug prices1; and

Whereas, U.S. pharmaceutical expenditures are $1,443 per capita versus $667 per capita in Germany with essentially the same drugs being available for the respective citizens with the difference being almost entirely due to higher drug prices in America2; therefore be it

RESOLVED, That our American Medical Association develop a set of principles for a National Prescription Drug Formulary (NPD Formulary) that are designed to lower prescription drug prices to the patient, and be transparent, independent, non-profit, and fee-based, with a report back to the AMA HOD at I-18 (Directive to Take Action); and be it further

RESOLVED, That our AMA produce model legislation for a NPD Formulary with input from appropriate stakeholders based on a set of principles for such a Formulary that the AMA will develop, and that our AMA join with appropriate stakeholders to advocate that Congress authorize the establishment of this NPD Formulary that will be available to all Americans as an option to their healthcare insurance program in an actuarially appropriate manner. (Directive to Take Action)

Fiscal Note: Not yet determined

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