Introduced by: Georgia

Subject: Unconscionable Generic Drug Pricing

Referred to: Reference Committee J
(Peter C. Amadio, MD, Chair)

Whereas, Recent dramatic price increases on off-patent prescription medications have affected patient access to essential medications; and

Whereas, Some examples include:
– Doxycycline increased from $20 to $1849 per 500 pills
– Albuterol increased by 4000%
– Naloxone increased by 600%
– Hydroxyprogesterone increased from $200 to $30,000 per pregnancy; and

Whereas, There have been efforts by multiple companies to engage in monopolistic practices that lead to price gouging on these older off-patent medications; and

Whereas, Legislation to prohibit price gouging could provide relief to patients who are suffering from lack of access to their formerly inexpensive medications; and

Whereas, The Maryland General Assembly recently passed legislation that allows the attorney general to prosecute companies that engage in price increases in noncompetitive markets on these medications if these increases meet the legal definition of unconscionable; and

Whereas, The Maryland legislation could serve as a model for price relief in Georgia; now therefore be it

RESOLVED, That our American Medical Association advocate for national legislation that will prohibit price gouging on off-patent medications where there are fewer than three manufacturers and where there have been no external factors to justify the price increase (New HOD Policy); and be it further

RESOLVED, That our AMA report back at the 2018 Annual Meeting on the results of the AMA Truth in Rx Campaign designed to bring attention to the rising prices of prescription drugs and the status of any proposed legislation on drug pricing transparency, price gouging, and expedited review of generic drug applications as called for in AMA Policy H-110.987. (Directive to Take Action)

Fiscal Note: Not yet determined

Received: 10/24/17
RELEVANT AMA POLICY

Pharmaceutical Cost H-110.987
1. Our AMA encourages Federal Trade Commission (FTC) actions to limit anticompetitive behavior by pharmaceutical companies attempting to reduce competition from generic manufacturers through manipulation of patent protections and abuse of regulatory exclusivity incentives.
2. Our AMA encourages Congress, the FTC and the Department of Health and Human Services to monitor and evaluate the utilization and impact of controlled distribution channels for prescription pharmaceuticals on patient access and market competition.
3. Our AMA will monitor the impact of mergers and acquisitions in the pharmaceutical industry.
4. Our AMA will continue to monitor and support an appropriate balance between incentives based on appropriate safeguards for innovation on the one hand and efforts to reduce regulatory and statutory barriers to competition as part of the patent system.
5. Our AMA encourages prescription drug price and cost transparency among pharmaceutical companies, pharmacy benefit managers and health insurance companies.
6. Our AMA supports legislation to require generic drug manufacturers to pay an additional rebate to state Medicaid programs if the price of a generic drug rises faster than inflation.
7. Our AMA supports legislation to shorten the exclusivity period for biologics.
8. Our AMA will convene a task force of appropriate AMA Councils, state medical societies and national medical specialty societies to develop principles to guide advocacy and grassroots efforts aimed at addressing pharmaceutical costs and improving patient access and adherence to medically necessary prescription drug regimens.
9. Our AMA will generate an advocacy campaign to engage physicians and patients in local and national advocacy initiatives that bring attention to the rising price of prescription drugs and help to put forward solutions to make prescription drugs more affordable for all patients.
10. Our AMA supports: (a) drug price transparency legislation that requires pharmaceutical manufacturers to provide public notice before increasing the price of any drug (generic, brand, or specialty) by 10% or more each year or per course of treatment and provide justification for the price increase; (b) legislation that authorizes the Attorney General and/or the Federal Trade Commission to take legal action to address price gouging by pharmaceutical manufacturers and increase access to affordable drugs for patients; and (c) the expedited review of generic drug applications and prioritizing review of such applications when there is a drug shortage, no available comparable generic drug, or a price increase of 10% or more each year or per course of treatment.

Cost of Prescription Drugs H-110.997
Our AMA:
(1) supports programs whose purpose is to contain the rising costs of prescription drugs, provided that the following criteria are satisfied: (a) physicians must have significant input into the development and maintenance of such programs; (b) such programs must encourage optimum prescribing practices and quality of care; (c) all patients must have access to all prescription drugs necessary to treat their illnesses; (d) physicians must have the freedom to prescribe the most appropriate drug(s) and method of delivery for the individual patient; and (e) such programs should promote an environment that will give pharmaceutical manufacturers the incentive for research and development of new and innovative prescription drugs;
(2) reaffirms the freedom of physicians to use either generic or brand name pharmaceuticals in prescribing drugs for their patients and encourages physicians to supplement medical judgments with cost considerations in making these choices;
(3) encourages physicians to stay informed about the availability and therapeutic efficacy of
generic drugs and will assist physicians in this regard by regularly publishing a summary list of the patient expiration dates of widely used brand name (innovator) drugs and a list of the availability of generic drug products;
(4) encourages expanded third party coverage of prescription pharmaceuticals as cost effective and necessary medical therapies;
(5) will monitor the ongoing study by Tufts University of the cost of drug development and its relationship to drug pricing as well as other major research efforts in this area and keep the AMA House of Delegates informed about the findings of these studies;
(6) encourages physicians to consider prescribing the least expensive drug product (brand name or FDA A-rated generic); and
(7) encourages all physicians to become familiar with the price in their community of the medications they prescribe and to consider this along with the therapeutic benefits of the medications they select for their patients.


**Maximum Allowable Cost of Prescription Medications H-155.962**

Our AMA opposes the use of price controls in any segment of the health care industry, and continues to promote market-based strategies to achieve access to and affordability of health care goods and services.