

July 16, 2018

Secretary Alex M. Azar II
Department of Health and Human Services
200 Independence Ave. SW, Room 600E
Washington, DC 20201

Re: Request for Information (RFI) on HHS Blueprint to Lower Drug Prices and Reduce Out-of-Pocket Costs, RIN 0991-ZA49

Dear Secretary Azar:

The undersigned organizations have joined together out of a shared concern that prescription drug prices are unaffordable, both to individual consumers and to the health care system as a whole. Recent years have seen scandalously high drug prices—both when new medication first hits the market and when manufacturers escalate prices on old medicines. Examples include EpiPens tripling in cost, Turing Pharmaceuticals boosting the price of each Daraprim tablet from \$14 to \$750, and Biogen charging \$750,000 for a year’s worth of Synraza. These pricing abuses—and the broken system of drug development from which they emerge—impose tremendous hardships on millions of people, leaving many with no choice but to go without the medicine they desperately need.

These prices are particularly unconscionable because drug manufacturers are some of the most profitable corporations in the world. According to the Government Accountability Office, their revenues rose a staggering 45 percent from 2006 to 2015, despite an intervening economic downturn that was greater than any since the 1930s. In 2015, the 25 largest drug companies enjoyed average profit margins of 20.1 percent—three times the average profit margin of all companies in the S&P 500.

The administration’s attention to prescription drug prices is thus welcome. The Department of Health and Human Services Request for Information (RFI) asks about numerous specific proposals, which many of us will address in separate comments. The RFI and the associated “Blueprint to Lower Drug Prices and Reduce Out-of-Pocket Costs” include a number of positive elements. But these documents do not tackle the two core problems facing the prescription drug system: manufacturers’ outrageously high and rising prices; and drug innovation that prioritizes corporate profit over the public’s need for better medicine.

We are the only advanced country that does not negotiate or set drug prices at the national level. Only in America are drug corporations invited to charge whatever families and insurers can bear, often for drugs that benefit from government-conferred patent monopolies and other marketing privileges. Continued unaffordable pricing for consumers and the health care system is inevitable if we continue to rely on individual health plans, employers, and consumers seeking their own separate discounts from a powerful drug industry that pockets more than \$775 billion in revenue each year and

spends more money on influencing policymakers than any other industry, last year using \$279 million to deploy an army of nearly 1,500 federal lobbyists. We urge the administration to broaden its focus and support policies like those endorsed by President Trump throughout his 2016 campaign, which use the federal government's full negotiating leverage to secure much lower drug prices on behalf of people in America.

The other fundamental issue unaddressed by the administration's proposals is our broken system of drug innovation, in which corporations focus drug development on beefing up their bottom line rather than on focusing on the health issues that are most important to our nation's families. An estimated 78 percent of drug patents granted between 2010 and 2016 were for variations on existing drugs, rather than new medicines. Fewer than 7 percent of all drugs introduced between 2008 and 2017 added anything beyond minimal clinical value to existing treatments. At the same time, crucial public health needs, such as for more universally effective flu vaccines and antibiotics that treat life-threatening drug-resistant infections, are going unmet. With federal research dollars undergirding industry development of new drugs, national policymakers should ensure that our families' health needs take priority over drug corporations maximizing their own profits. Moreover, taxpayers who supported drug development by underwriting basic research should not be forced to pay for those same drugs a second time in the form of unconscionably high drug prices.

We applaud the administration's stated commitment to reining in prescription drug costs but are deeply concerned that the current focus of the Administration's work does not consider the most important priorities for fixing our broken system. We urge the administration to follow through on its commitment by implementing policies that directly target the unconscionably high prices charged by drug manufacturers and that refocus drug innovation on meeting people's need for better health care, not international drug corporations' hunger for ever-growing profits.

Sincerely,

Families USA

Public Citizen

AFL-CIO

American Federation of State, County and Municipal Employees (AFSCME)

American Federation of Teachers

American Medical Student Association

Campaign for America's Future

The Center for Medicare Advocacy

Chronic Illness Advocacy & Awareness Group

The Coalition to Protect Patient Choice, CPPC

Consumer Action

Doctors for America

Housing Works, USA

The National Partnership for Women & Families

National Physicians Alliance

NETWORK Lobby for Catholic Social Justice
PFAM: People of Faith for Access to Medicines
Service Employees International Union
Social Security Works
State Innovation Exchange (SIX)
The Teamsters
T1International
UNITE HERE
Unite Here Health
Young Professionals Chronic Disease Network

State-Based Organizations

AIDS Action Baltimore
AIDS Foundation of Chicago
California School Employees Association, CSEA
Center for Independence of the Disabled, NY
Colorado Consumer Health Initiative
Consumers for Affordable Health Care, Maine
Georgia Watch
Health Access California
Health Reform Resource Project, Kansas
Maryland Citizens' Health Initiative Inc.
New Yorkers for Accessible Health Coverage
Office of the Health Care Advocate, Vermont Legal Aid
Pennsylvania Health Access Network
Universal Health Care Foundation of Connecticut
West Virginians for Affordable Health Care
West Virginians Together for Medicaid