

Broken Health Care Promises: Prescription Drug Prices

President Trump's Broken Promise: “When it comes time to negotiate the price of prescription drugs, we are going to negotiate like crazy.”¹

Trump Administration's Track Record:

The American people, both Democrats and Republicans, overwhelmingly support the ability of the federal government to push back on abusive prescription drug prices and negotiate for families' lower drug prices.² Trump made repeated commitments to advance Medicare negotiation of prescription drug prices despite the objections of pharmaceutical companies.³ After years of doubt about whether the administration would follow through and support Medicare negotiation, we now know that the president will not keep this campaign promise.

The Trump administration has pursued small, superficial steps that fall short of Trump's campaign commitment.

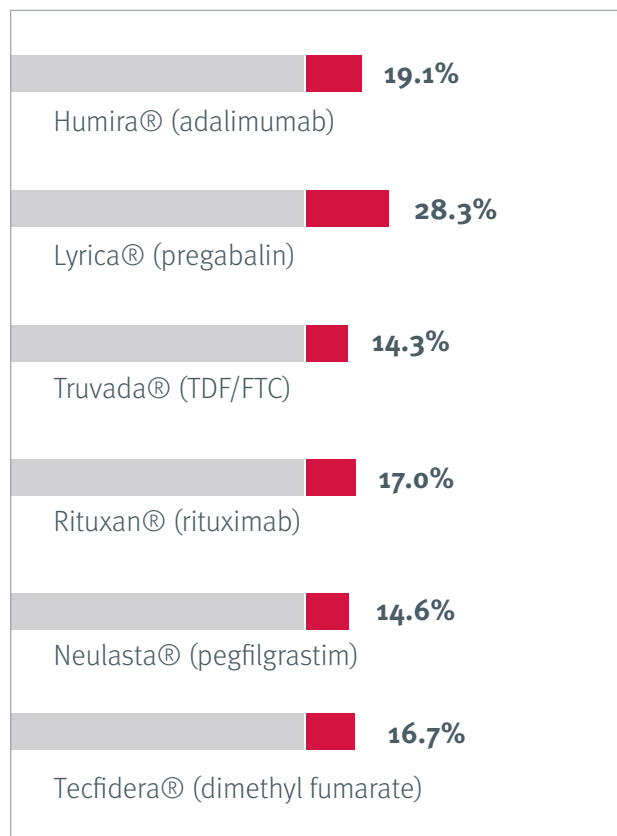
Democrats⁴ and some congressional Republicans⁵ have urged Trump to use his position to take on the pharmaceutical industry in Congress. Instead, the Trump administration has pursued small, superficial steps that fall short of Trump's campaign commitment. **Most importantly, the Trump administration's rhetoric has born no fruit and he has not finalized any of these proposals, making them a failure on their own terms.**⁶ So what have these failed proposals focused on? The President mainly focused on relying on other countries' price negotiation regimes, either by buying drugs (many of them made in the U.S.) in other countries and importing them,⁷ or by setting drug prices based on an international price index.⁸

In December, the House of Representatives passed the Lower Drug Costs Now Act with strong Democratic and some Republican support to allow Medicare negotiation of prescription drugs.⁹ If the Lower Drug Costs Now Act becomes law, Medicare would finally be empowered to lower prices on the pharmaceuticals that are bankrupting America's families, and drug companies would no longer be able to raise prices on drugs year after year without any consequences. In total, the legislation's Medicare price negotiation is officially projected by the nonpartisan Congressional Budget Office to save over \$450 billion.¹⁰ Startlingly, and despite Trump's campaign promises, the White House opposes this legislation, ensuring there will be no Medicare negotiation before the 2020 election.

Meanwhile, the problem of prescription drug prices is only getting worse while the administration fails to fulfill its campaign commitment.

As shown in the graphic below, drug prices continue to increase to unaffordable levels. Particularly concerning, drug manufacturers continue to increase prices on already approved drugs, a practice that can only be explained as an abuse of market power rather than an effort to recoup research costs.

Drug Price Increases over and above Original Launch Price, 2016-2018



Source: David M. Rind et al., *Unsupported Price Increase Report: 2019 Assessment*, Institute for Clinical and Economic Review, October 8, 2019 (updated November 6, 2019), https://icer-review.org/wp-content/uploads/2019/01/ICER_UPI_Final_Report_and_Assessment_110619.pdf.

- » In the first week of 2020, drug companies raised the prices of 524 drugs on the U.S. market. Increases averaged nearly three times the rate of inflation.¹¹
- » Humira, the top-selling drug in the United States, has increased in price by 341% since it was introduced in 2006. That includes an increase of 19% in 2017 and 2018 and another 7% in 2020. The price now is \$5,557 for one month's supply.¹²

These price increases are not only an abuse of the system but also dangerous. Nearly one in three adults have not taken a medicine as prescribed due to its costs, and some even cut pills in half or skip doses to get by.¹³

Trump has paid lip service to the problem of drug prices both as a candidate and as president. In the end, when a strong Medicare negotiation bill was ready to move, he and his administration broke their promise.

Endnotes

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³ Haddon, op cit.

⁴ Sarah Karlin-Smith and Adam Cancryn, “Pelosi Tries to Split Trump, Republicans over Drug Pricing,” *Politico*, September 10, 2019, <https://www.politico.com/story/2019/09/10/nancy-pelosi-trump-republicans-drug-pricing-1488702>.

⁵ Donna Young, “Grassley Calls on Trump to Make Stronger Push for Senate Drug Pricing Bill,” S&P Global, January 8, 2020, <https://www.spglobal.com/marketintelligence/en/news-insights/trending/wXmmC52RhARneuWjcxM6bQ2>.

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⁷ Yasmeen Abutaleb and Laurie McGinley, “Trump Administration Unveils Plan to Allow States to Buy Cheaper Drugs from Canada,” *Washington Post*, December 18, 2019, <https://www.washingtonpost.com/health/2019/12/18/trump-administration-unveils-plan-allow-states-buy-cheaper-drugs-canada/>.

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⁹ Families USA, “Statement: Led by Speaker Pelosi, the House Passed Landmark Legislation for Reining in High Drug Prices. Will President Trump Stand with Our Nation’s Families and Ensure It Becomes Law?,” December 12, 2019, <https://familiesusa.org/press-releases/statement-led-by-speaker-pelosi-the-house-passed-landmark-legislation-for-reining-in-high-drug-prices-will-president-trump-stand-with-our-nations-families-and-ensure-it-becomes-law/>.

¹⁰ Phillip L. Swagel to Frank Pallone Jr., December 10, 2019, Congressional Budget Office, https://www.cbo.gov/system/files/2019-12/hr3_complete.pdf.

¹¹ Patients For Affordable Drugs, “By the Numbers: New Analysis Finds over 500 Drug Price Hikes in First Week of January,” January 8, 2020, <https://www.patientsforaffordabledrugs.org/2020/01/08/500-drug-price-hikes/>.

¹² Christopher Rowland, “Why Price of Humira Keeps Rising Despite FDA Approval of Generic Competition,” *Washington Post*, January 8, 2020, https://www.washingtonpost.com/business/economy/why-humiras-price-keeps-rising-despite-fda-approval-of-generic-competition/2020/01/07/549ed0ce-2e3a-11ea-bcb3-ac6482c4a92f_story.html.

¹³ L.L. Gill, “How to Pay Less for Your Meds,” *Consumer Reports*, April 5, 2018, <https://www.consumerreports.org/drugprices/how-to-pay-less-for-your-meds/>.

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