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3 Title: Medicare Prescription Drug Pricing  
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5 Introduced by: David Whalen, MD, MPA, for the Kent County Delegation  
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7 Original Author: Warren Lanphear, MD  
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9 Referred To: Reference Committee A  
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11 House Action: **APPROVED AS AMENDED**  
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14       Whereas, prescription drug prices in the United States are considerably more expensive in  
15 many cases than in similar developed countries worldwide, and  
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17       Whereas, the cost of prescription drugs to Medicare patients is therefore often quite  
18 burdensome and leads to noncompliance, and  
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20       Whereas, Federal law allows the government to negotiate Medicare drug prices only for  
21 veterans and Medicaid beneficiaries, and  
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23       Whereas, specifically, the 2003 Medicare Prescription Drug, Improvement, and  
24 Modernization Act (MMA) noninterference provision prohibits the Secretary of Health and Human  
25 Services (HHS) from negotiating Medicare drug prices or establishing a preferred drug list, and  
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27       Whereas, instead, Medicare prescription drug prices are negotiated between prescription  
28 drug manufacturers and insurance companies that administer Part D plans, and  
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30       Whereas, low-income seniors eligible for Medicare and Medicaid are known as “dual-  
31 eligibles,” and  
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33       Whereas, additionally, when Part D took effect, drug coverage for dual-eligibles switched  
34 from Medicaid to Medicare and drug manufacturer rebates were discontinued, which resulted in a  
35 significant increase in prescription drug costs for this population, and  
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37       Whereas, for several years, Congress has considered (1) removing the prohibition on  
38 negotiating Medicare drug prices and (2) requiring prescription drug rebates for dual-eligibles  
39 (such rebates are provided to Medicaid beneficiaries), but Congress did not pass this legislation,  
40 and  
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42       Whereas, the recent Build Back Better proposal would permit Medicare prescription drug  
43 price negotiation; therefore be it  
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45       RESOLVED: That Michigan Delegation to the American Medical Association (AMA) ask our  
46 AMA to strengthen its advocacy for federal legislation to permit Medicare to negotiate with  
47 pharmaceutical companies in order to lower the high cost of prescription drugs for this population;  
48 and be it further  
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50 RESOLVED: That MSMS advocate for the lowering of Medicare prescription drug pricing to  
51 Michigan's federal lawmakers; and be it further

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53 RESOLVED: That Michigan Delegation to the American Medical Association (AMA) work  
54 with the Great Lakes States Coalition to write a letter to the AMA Board of Trustees to make the  
55 lowering of Medicare prescription drug pricing one of its top legislative priorities.

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58 WAYS AND MEANS COMMITTEE FISCAL NOTE: \$16,000-\$32,000 for legislative advocacy.

**Relevant MSMS Policy:**

**Prescription Coverage by Medicare**

MSMS supports prescription coverage for patients in the Medicare program. (Res59-99A)

**Pharmaceutical Cost Transparency**

MSMS supports drug price and cost transparency legislation designed to encourage prescription drug price and cost transparency among pharmaceutical companies and pharmacy benefit managers. (Board-July2018)

**Relevant AMA Policy:**

**Prescription Drug Prices and Medicare D-330.954**

1. Our AMA will support federal legislation which gives the Secretary of the Department of Health and Human Services the authority to negotiate contracts with manufacturers of covered Part D drugs.
2. Our AMA will work toward eliminating Medicare prohibition on drug price negotiation.
3. Our AMA will prioritize its support for the Centers for Medicare & Medicaid Services to negotiate pharmaceutical pricing for all applicable medications covered by CMS.

**Pharmaceutical Costs 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.

11. Our AMA advocates for policies that prohibit price gouging on prescription medications when there are no justifiable factors or data to support the price increase.

12. Our AMA will provide assistance upon request to state medical associations in support of state legislative and regulatory efforts addressing drug price and cost transparency.

13. Our AMA supports legislation to shorten the exclusivity period for FDA pharmaceutical products where manufacturers engage in anti-competitive behaviors or unwarranted price escalations.

14. Our AMA supports legislation that limits Medicare annual drug price increases to the rate of inflation.