

Section 306 of the Senate HELP Bill WOULD NOT contribute to a reduction in prescription drug costs.



In fact, total prescription drug costs are likely to increase as a result of Section 306.

Section 306 of the proposed legislation:



Would not help control or reduce manufacturer list prices.

Without incentives for manufacturers to lower list prices and penalties for high drug prices and/or significant price increases, prescription drug costs will continue to soar.



Would not improve negotiated discounts and would weaken PBM-negotiated discounts.

The most successful mechanism for reducing the cost-per-unit of prescription drugs are negotiated rebates based on formulary competition. The CBO and FTC agree that disclosure of manufacturer rebates would lead to tacit collusion by manufacturers, weakening the ability of health plans and other payers to combat uncontrolled list prices and price increases. Visante estimates that the reporting requirements under Section 306 would result in broad disclosure of drug rebate data, thus compressing rebates and increasing net costs by **\$72 billion over the next 10 years** to payers and consumers in the commercial insurance market, an increase of 3.1 percent.



Would not contribute to managing over-utilization, which help control drug costs.

Health systems, health plans, and PBMs utilize evidence-based clinical guidelines to help achieve cost-effective drug utilization and high-quality patient outcomes. This bill would do nothing to promote greater use of evidence-based medicine. Also, S.1895 would do nothing to control the use of direct-to-consumer advertising (DTC) by manufacturers, which contributes to increased demand for high-cost drugs, oftentimes by ill-informed consumers. Research has shown that physicians are commonly pressured by their patients to prescribe inappropriate therapy due to DTC advertising.



Would not reduce administrative costs.

Section 306 contains new reporting requirements, many of which would require significant investment in new data fields, new reporting logic, and even new business processes. Visante estimates that these new reporting requirements would increase administrative costs to PBMs by **\$100-200 million in just the first year**.

