AMERICAN MEDICAL ASSOCIATION HOUSE OF DELEGATES

Resolution: 817
(I-16)

Introduced by: Georgia

Subject: Brand and Generic Drug Costs

Referred to: Reference Committee J
(Candace E. Keller, MD, Chair)

Whereas, The costs of brand and generic medications are rapidly rising; and

Whereas, The average annual cost of cancer drugs increased from roughly $10,000 before 2000 to more than $100,000 by 2012, according to a recent study in Mayo Clinic Proceedings; and

Whereas, Several breakthrough specialty medications and orphan drugs recently approved by the Food and Drug Administration (FDA) have subsequently entered the pharmaceutical market with hefty price tags; and

Whereas, Biogen Idec's multiple sclerosis drug, Tecfidera, costs $54,900 per patient per year; hepatitis C medications from Gilead Sciences costs approximately $84,000 per patient; and Orkambi, a cystic fibrosis drug from Vertex Pharmaceuticals, is priced at $259,000 per year; and

Whereas, For 222 generic drug groups prices increased by 100 percent or more between 2013 and 2014, according to Forbes; and

Whereas, Generic drugs have long provided payers some respite from other more expensive products and services, rising prices in generics like Mylan NV's albuterol sulfate--which increased about 4,000 percent from 2013 to 2014; and

Whereas, Seventy-three percent of Americans find the cost of drugs to be unreasonable, and most blamed drug manufacturers for setting prices too high; and

Whereas, Some particularly high-cost medications for hepatitis C have even forced insurers and Medicaid programs to limit usage of the drugs; and

Whereas, Recent disclosure of the rapid increase in the cost of EpiPen indicates a concern for pricing of all medications; and

Whereas, Private payers, doctors, and Accountable Care Organizations (ACOs) should collaborate with manufacturers on pharmacoeconomic studies in order to value the outcomes and financial benefits brought to the health system by a therapeutic drug; and

Whereas, If providers are facing greater accountability in the form of bundled reimbursement, pay-for-performance, and penalties for inadequate care, Big Pharma should share some of the responsibility; and

Whereas, When a fairly priced product fails to yield the benefits quantified through joint pharmacoeconomic studies, the producer should reimburse payers for the drug price, or lead corrective measures--like an additional treatment regimen--at no further cost to other stakeholders; and

Whereas, Generic drugs in theory operate in a free market where competition regulates prices; and

Whereas, For some drugs, the number of manufacturers may be small, thus putting this system at risk; and

Whereas, In monopoly-like environments, regulators should set caps on price increases; and

Whereas, Pharmaceutical firms in America enjoy a hands-off approach by government to pricing products, atypical by global standards; and

Whereas, Medicare is barred from negotiating prices with manufacturers, and the FDA does not consider cost in the approval of a medication; and

Whereas, Government agencies in Canada, Australia, and European countries can negotiate medication prices, often by conducting their own studies to evaluate therapeutic benefits; therefore be it

RESOLVED, That our American Medical Association advocate for the following:

1) Investigate the purchasing of medications from outside the country with FDA guidance, on a temporary basis until availability in the U.S. improves;
2) Advocate to permit temporary compounding with FDA's guidance until medications are available;
3) Advocate to allow increased competition in the marketing of medications;
4) Advocate for participative pricing;
5) Advocate for accountability for outcomes; and
6) Advocate for increased regulation of the generic drug market. (New HOD Policy)

Fiscal Note: Not yet determined

Received: 11/20/16

RELEVANT AMA POLICY

Controlling the Skyrocketing Costs of Generic Prescription Drugs H-110.988
1. Our American Medical Association will work collaboratively with relevant federal and state agencies, policymakers and key stakeholders (e.g., the U.S. Food and Drug Administration, the U.S. Federal Trade Commission, and the Generic Pharmaceutical Association) to identify and promote adoption of policies to address the already high and escalating costs of generic prescription drugs.
2. Our AMA will advocate with interested parties to support legislation to ensure fair and appropriate pricing of generic medications, and educate Congress about the adverse impact of generic prescription drug price increases on the health of our patients.
3. Our AMA encourages the development of methods that increase choice and competition in the development and pricing of generic prescription drugs.
4. Our AMA supports measures that increase price transparency for generic prescription drugs.
Sub. Res. 106, A-15 Reaffirmed: CMS 2, I-15

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.
BOT Rep. O, A-90 Sub. Res. 126 and Sub. Res. 503, A-95 Reaffirmed: Res. 502, A-98 Reaffirmed: Res. 520, A-99 Reaffirmed: CMS Rep. 9, I-99 Reaffirmed: CMS Rep.3, I-00 Reaffirmed: Res. 707, I-02 Reaffirmation A-04 Reaffirmed: CMS Rep. 3, I-04 Reaffirmation A-06 Reaffirmed in lieu of Res. 814, I-09 Reaffirmed in lieu of Res. 201, I-11