

March 6, 2018

Speaker Michael J. Madigan
Majority Leader Barbara Flynn Currie
Minority Leader Jim Durkin



Dear Representative:

As state and national organizations representing a wide range of U.S. taxpayers and consumers, we write today in opposition to H.B. 4900, the Illinois Generic Drug Pricing Fairness Act, which seeks to impose pricing constraints on generic drug manufacturers. We oppose this legislation.



While working families, small businesses, seniors, and especially society's most vulnerable patients are feeling the brunt of rising prescription drug costs, a "solution" that only targets generic pharmaceutical manufacturers jeopardizes the very industry that is a key to holding down drug prices. The Illinois General Assembly would be better served promoting policies that encourage drug competition, instead of protecting the high costs of originator brand drugs.



The statistics overwhelmingly support the role generic drugs play in controlling prescription drug costs. Today, generic drugs represent 89% of all prescriptions filled but are only 26% of overall drug cost. And while the price of brand-name drugs increases, market data show the price of generic drugs falls year after year. In fact, an Express Scripts Drug Trend Report notes that the price of generics has declined, on average, 70% since 2008. In total, generics saved Illinois – including patients and critical government programs – \$9.6 billion dollars in 2016.



If H.B. 4900 takes effect, the threat of legal action from the Attorney General – using an arbitrary "unconscionable" price increase standard – will undoubtedly chill generic competition, limit consumer choice, and ultimately impede patient access to lower cost drugs. The only beneficiary of H.B. 4900 are the largest pharmaceutical companies whose profits will be protected from generics competition. Let the lower-priced generic manufacturers compete against larger brand name manufacturers.



In sum, H.B. 4900 is anti-taxpayer, anti-patient, and anti-free market. We believe that it serves as a cautionary tale for other policymakers – at the federal and state level – about how NOT to pursue prescription drug cost reform. We believe this legislation will raise consumer prices, not lower them, by imposing anti-competitive regulations on lower-priced generic drugs.



Respectfully yours,

Steve Pociask
President
American Consumer Institute

Jonathan Bydlak
President
Coalition to Reduce Spending

Andrew F. Quinlan
President
Center for Freedom and Prosperity

Wayne T. Brough
Chief Economist, Vice President of Research
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Jim Martin
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cc: House Members