

April 9, 2019

The Honorable Richard Neal
Chairman
Committee on Ways & Means
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Neal:

On behalf of the American Hospital Association's (AHA) nearly 5,000 member hospitals, health systems and other health care organizations, and our clinical partners – including more than 270,000 affiliated physicians, 2 million nurses and other caregivers – and the 43,000 health care leaders who belong to our professional membership groups, we applaud the Committee for legislation to increase transparency on prescription drug pricing and are proud to support the Prescription Drug Sunshine, Transparency, Accountability and Reporting Act (H.R. 2113).

The AHA is deeply committed to the availability of high-quality, efficient health care for all Americans. Hospitals and clinicians know firsthand the lifesaving potential of drug therapies. However, an unaffordable drug is not a lifesaving drug. Hospitals and health systems continue to see unsustainable increases in their spending on prescription drugs. Between 2015 and 2017, total hospital and health system spending on drugs increased on average by 18.5 percent per admission, including a jump of 28.7 percent per outpatient adjusted admission. These increases follow record growth in prescription drug spending of 38.7 percent in the inpatient setting from 2013 to 2015. To this end, the AHA wishes to offer its support for this important legislation, which includes significant provisions that will help enhance transparency in prescription drug pricing and costs.

As it considers this legislation, we want to commend the Committee for including several policies that will better hold drug manufacturers accountable. Specifically, we support the "Reporting Accurate Drug Prices Act," which would require all manufacturers to submit pricing data to the Department of Health and Human Services.

As major purchasers of prescription drugs, hospitals and health systems continue to be forced to make difficult decisions as a result of high and rising drug prices. This bill would provide Medicare with complete and precise drug pricing data in order to establish more accurate Medicare payments to providers for these prescription drugs.



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Additionally, we strongly support the SPIKE Act. Drug companies are solely responsible for astronomically high launch prices for new drugs, as well as unsustainable and continuous increases to the list prices of existing drugs. Currently, there are no requirements for drug companies to justify high prices and unjustifiable price hikes. This bill would change that. It would require drug companies to provide written justification for new drugs with high launch prices or for existing drugs that are the subject of excessive price increases. Forcing drug companies to justify their actions will directly benefit patients and the providers who treat them by creating pressure to improve affordability.

Finally, we are supportive of the provisions focused on free prescription drug samples. While the AHA understands the assistance that free drug samples can provide for patients who need them, especially those individuals with limited financial flexibility, we are concerned that these samples may improperly incentivize patients and providers to use and prescribe certain drugs. This bill would make publicly available the total amount and value of the free samples drug manufacturers provide to patients, ultimately increasing transparency to ensure better and medically appropriate therapy for patients.

The AHA appreciates the Committee's continued efforts to increase the transparency and lower the price of prescription drugs. We look forward to continuing to work with the Committee as it considers additional legislative proposals aimed at curbing high and rising drug prices and increasing affordability for patients and the providers who treat them.

Sincerely,

/s/

Thomas P. Nickels
Executive Vice President

Cc: The Honorable Kevin Brady
Members of the Ways & Means Committee