

# Oppose Senate Bill 5995!

Don't Harm Patient Access to Affordable Generic Medicines by Chilling Generic Drug Competition.



Everyone supports finding ways to address skyrocketing prescription drug prices that seem to keep going up year after year. **Unfortunately, SB 5995 doesn't address that problem. The bill makes matters worse for Washington patients and our economy.**

## S.B. 5995 ignores the realities of the prescription drug marketplace.

Inexplicably, the bill applies only to generic drugs — products that save the state, taxpayers and patients billions per year. It does not reduce prices for much more expensive brand-name and specialty drugs that cost Washington patients and taxpayers billions of dollars per year.

Generic drugs are a true success story. Generic medicines account for 89% of all prescriptions, but they only account for 26% of drug costs.



Medicaid:  
**\$731 Million**

Medicare:  
**\$1 Billion**

Cash (Non-Insured):  
**\$197 Million**

Commercial Insured:  
**\$2.2 Billion**

TOTAL 2016 GENERIC SAVINGS

**\$4.2 Billion**

in Washington

## S.B. 5995 ignores the real drivers of prescription drug costs.

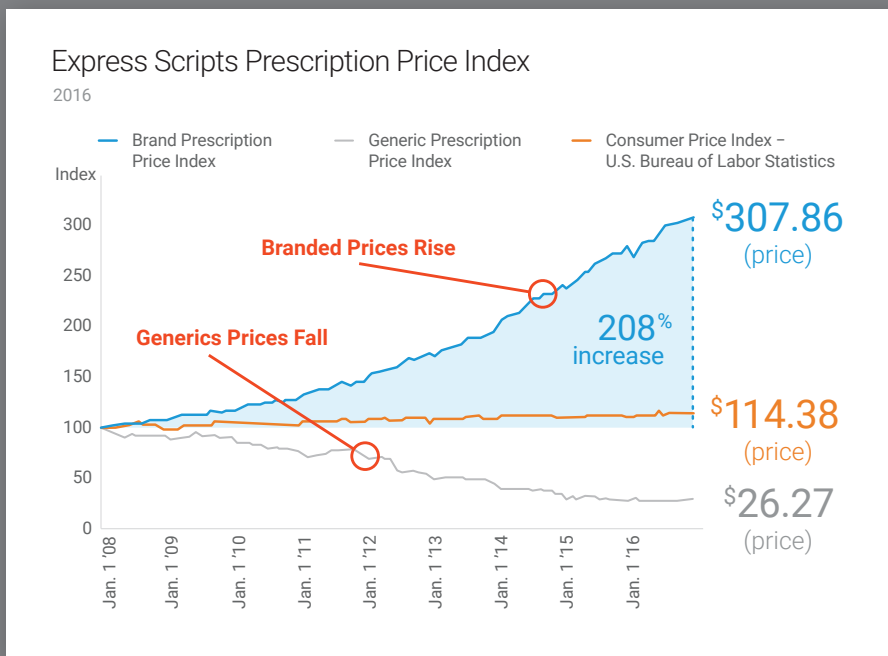
### The bill does not define when a price is “not justified” or “excessive.”

- Generic drugs account for 89% of all prescriptions in the United States, but just 26% of the cost. However, S.B. 5995 applies only to generics, ignoring 74% of all drug expenditures.
- Year over year, generic drug prices fall, while brand-name drug prices rise. The overall price of generics fell over 8% in 2016, and prices are down more than 70% since 2008. Rather than allow market competition to continue working, S.B. 5995 would reject generic competition in favor of more government regulation of generic drugs, the only segment of health care costs that is declining.
- Generic drug prices can fluctuate up and down in the marketplace over the course of days or months while still declining on average. But this bill does not account for market realities and instead puts elected officials in the role of the marketplace.
- S.B. 5995 will only undermine affordable generics and not reduce overall costs in the state.

## S.B. 5995 would chill competition among generic drug manufacturers. This market interference by government bureaucrats could ultimately create the risk of shortages.

**The bill allows the government to impose costs and regulatory burdens whenever bureaucrats believe that pricing of a medicine is “excessive.”**

- By subjecting manufacturers of generic drugs to draconian penalties – while ignoring the substantial costs of brand-name prescription drugs – the policy in S.B. 5995 would provide an incentive for generic drug companies to avoid doing business in or selling their products in our state.
- Because generic manufacturers would be subject to additional regulatory burdens on many low-margin products, ultimately some manufacturers will likely choose to discontinue manufacturing of certain medicines.
- Because generic medicines usually rely on supply from multiple manufacturers, as some exit these markets it creates the risk of drug shortages due to inadequate supply.
- If fewer affordable generic drugs are available in Washington, we all lose. Drug shortages have been shown to directly harm patient access and outcomes.



### Market Dynamics

Year over year, generic drug prices fall, while brand-name drug prices rise. The overall price of generics fell over 8% in 2016, and prices are down more than 70% since 2008.