



October 8, 2020

The Honorable G.K. Butterfield  
U.S. House of Representatives  
2080 Rayburn House Office Building  
Washington, DC 20515

The Honorable Billy Long  
U.S. House of Representatives  
2454 Rayburn House Office Building  
Washington, DC 20515

The Honorable Tony Cardenas  
U.S. House of Representatives  
2438 Rayburn House Office Building  
Washington, DC 20515

Dear Congressman Butterfield, Congressman Long, and Congressman Cardenas:

Thank you for your leadership in introducing *The Protecting Access to Affordable Medicines Act* (H.R. 8529). Access to generic medicines is a critical lifeline to millions of Americans. With 90 percent of all prescriptions filled by generic medicines each year, patients experience significant savings at the pharmacy counter. In fact, the U.S. health care system saved \$313 billion last year through the use of safe, effective and affordable generics.<sup>1</sup>

*The Protecting Access to Affordable Medicines Act* helps ensure patients maintain access, without interruption, to low-cost medicines. Since 2017, generic manufacturers have paid millions in additional Medicaid rebate penalties due to minor market fluctuations outside of their control. The Medicaid Generics Penalty is incurred when the average manufacturer price (AMP) exceeds the rate of inflation. In a recent survey of AAM's member companies, we found the vast majority of instances in which the manufacturers paid the penalty were due to regular, market-driven changes to how medicines are purchased and not the result of increases in list price.<sup>2</sup> The Medicaid penalty undermines the ability of some low-cost medicines to remain on the market.

*The Protecting Access to Affordable Medicines Act* would fix this misguided application of the Medicaid rebate on generic medicines. Exempting the lowest-cost medicines from the Medicaid Generics Penalty – those with an AMP of less than \$1 per unit – ensures robust competition is maintained, reduces the risk of drug shortages, and benefits patients through sustainable access to low-cost generics. For these reasons, **the Association of Accessible Medicines (AAM) is pleased to endorse *The Protecting Access to Affordable Medicines Act*.**

We appreciate your work on behalf of patient access to generics and look forward to working with you to advance this bipartisan legislation into law.

Sincerely,

A handwritten signature in black ink that reads 'Dan Leonard'.

Dan Leonard  
President & CEO

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<sup>1</sup> AAM, "Securing Our Access & Savings: 2020 Generic Drug & Biosimilars in the U.S. Report," September 29, 2020.

<sup>2</sup> AAM Survey, Medicaid Generics Penalty Data for Q4 2019, July 2020.