



April 28, 2021

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

Dear Congressman Butterfield and Congressman Long:

Thank you for your leadership in introducing *The Protecting Access to Affordable Medicines Act* (H.R. 2868). Access to generic medicines is a critical lifeline to millions of Americans. With 90% 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 in 2019 through the use of safe, effective and affordable generics.¹

The Protecting Access to Affordable Medicines Act helps ensure patients maintain uninterrupted access 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 generic 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.² The Medicaid Generics Penalty thus threatens the sustainability of the generics market and increases the likelihood of shortages.³

The Protecting Access to Affordable Medicines Act would fix the misguided application of the Medicaid rebate to 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'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Dan Leonard
President & CEO

¹ <https://accessiblemeds.org/2020-Access-Savings-Report>

² AAM Survey, Medicaid Generics Penalty Data for Q4 2019, July 2020.

³ <https://accessiblemeds.org/resources/press-releases/aam-outlines-policy-solutions-sustained-patient-access-generics-biosimilars>