



September 9, 2024

The Honorable Mike Johnson
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Hakeem Jeffries
Minority Leader
United States House of Representatives
Washington, DC 20515

Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

Dear Speaker Johnson, Minority Leader Jeffries, Majority Leader Schumer, and Minority Leader McConnell:

As Congress returns from the August recess and focuses once again on the items that must be completed by the close of the 118th Congress, The ERISA Industry Committee (ERIC) and the Association for Accessible Medicines (AAM) and its Biosimilars Council urge you to enact meaningful legislation to reduce healthcare costs and improve patient healthcare access. Specifically, we ask you to address the harmful practices utilized by pharmacy benefit managers (PBMs) and thwart the generic-block practice of patent thickets.

ERIC is a national nonprofit organization exclusively representing the largest employers in the United States in their capacity as sponsors of employee benefit plans for their nationwide workforces. With member companies that are leaders in every economic sector, ERIC is the voice of large employer plan sponsors on federal, state, and local public policies impacting their ability to sponsor benefit plans and to lawfully operate under ERISA's protection from a patchwork of different and conflicting state and local laws, in addition to federal law.

The Association for Accessible Medicines is driven by the belief that access to safe, quality, effective medicine has a tremendous impact on a person's life and the world around them. Generic and biosimilar medicines improve people's lives, improving society and the economy in turn. AAM represents the manufacturers of finished generic pharmaceuticals and biosimilars, manufacturers of bulk pharmaceutical chemicals, and suppliers of other goods and services to the generic industry. Because of their low cost and high value to patients and payers, generic and biosimilar medicines today account for 90% of all prescriptions dispensed in the US, but only 13% of prescription drug spending.

Transparency-Rx (TRX) is a nonprofit coalition of transparent /pass thru PBMs committed to issue education, affordability and clarity in pricing in an otherwise opaque and heavily manipulated PBM marketplace. TRX represents companies with business in all 50 states, partnering with local job creators already relying clear, reliable, “delinked” business models where flat administrative fees are disclosed, and patients see 15–20% reductions in drug costs. In a true transparent model, there is no spread pricing, and the cost of medicine isn’t tied to hidden PBM profits or shipped overseas. Representing over 17 million cover lives, Transparency-Rx knows firsthand the importance of changing a broken industry, so choice and competition can thrive for patients and plans, and American businesses.

PBM practices. Comprehensive PBM reform is critical to protect the free market, expand patient access to lower-priced generics and biosimilars, and prevent disparities. Drug costs for patients and plans can and should be transparent and affordable, providing demonstrable savings for Medicare and Medicaid beneficiaries, employers and their employees, local businesses, and the federal and state governments. As such, we strongly urge you to include S.1339, the Pharmacy Benefit Manager Reform Act, as well as policies to delink PBM revenues, in both federal plans and commercial markets, from fees paid by drug manufacturers to PBMs and hold PBMs accountable in the end-of-the-year package. We will continue to work with Congress to enact these reforms and reduce patient spending on life-saving medicines.

Patent thickets. The abuse of the patent system can stifle innovation and harm patients. One glaring misuse of the patent system is the use of a large number of patents with only minor differences covering a single product or similar products, also known as “patent thickets.” Patent thickets are used by brand pharmaceutical companies to maintain high prices and deny patients access to lower-cost medicines. The Senate recently passed unanimously S.150, the Affordable Prescriptions for Patients Act, led by Senator Cornyn (R-TX) and Senator Blumenthal (D-CT), and other legislation including H.R.6986, to address patent thickets, are pending in the House. These measures would curb such abuses and increase competition and access for biosimilars. We encourage Congress to take action this year to lower pharmaceutical costs for patients.

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The above policy priorities represent important and meaningful opportunities to reduce spending for our nation’s employers and patients alike. As always, we thank you for your consideration and look forward to working with you to ensure that America’s patients have access to safe, effective, and lower-cost prescription medicines through passage of these important pieces of legislation before the close of the 118th Congress.

Sincerely,

David R. Gaugh
Interim CEO, Association for Accessible Medicines

James Gelfand
The ERISA Industry Committee

Joseph M. Shields, Esq.
Transparency-Rx