

# Oppose House Bill 1179

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



Everyone supports containing skyrocketing prescription drug prices **but H.B. 1179, would actually just make the problem worse for Colorado patients and our economy.** The same bill became law in Maryland but was later found unconstitutional.

## H.B. 1179 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 Colorado 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:  
**\$488 Million**

Medicare:  
**\$718 Million**



Cash (Non-Insured):  
**\$196 Million**

Commercial Insured:  
**\$1.4 Billion**

TOTAL 2016 GENERIC SAVINGS

**\$2.8 Billion**

in Colorado

**H.B. 1179 has no meaningful standard to allow companies to know when they are in compliance with the law.**

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

- Given the vague standards set forth in the bill, companies would perpetually be at risk of facing prosecution for price fluctuation of just pennies that can normally occur during the course of business within the competitive free market.
- Without a true standard dictating when a free market price is “justified,” H.B. 1179 would provide no notice for companies to know whether they are in compliance with the new law.
- Without clear guidance under the law, companies will need to find ways to mitigate the risk of costly litigation with the attorney general, putting patient access to affordable generics at risk.

## H.B. 1179 would chill competition among generic drug manufacturers and allow government bureaucrats to influence the health care marketplace, ultimately driving up costs.

**The bill allows the government to impose costs and regulatory burdens whenever bureaucrats believe that pricing of a medicine is “not justified.”**

- 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, Colorado 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 drug 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.
- By subjecting manufacturers of generic drugs to draconian penalties – while ignoring the substantial costs of brand-name prescription drugs – the policy in H.B. 1179 would provide an incentive for generic drug companies to avoid doing business in or selling their products in Colorado.

### Market Dynamics

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