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New Bipartisan Bill Would Require More Transparency, Help Curb Skyrocketing Prescription Prices, Says AARP

Washington, DC — AARP announces its support for the bipartisan **FAIR Drug Pricing Act of 2016**. The legislation, introduced today, by U.S. Senators Tammy Baldwin (D-WI) and John McCain (R-AZ), and Representative Jan Schakowsky (D-IL) requires pharmaceutical companies to submit a report to the U.S. Department of Health and Human Services (HHS) when they increase the price of their drugs by more than 10% during the year. The report would have to include the costs associated with researching, developing, and manufacturing the qualifying drug. Drug companies would also have to provide the drug's net profits, all related promotional marketing and advertising spending amounts, and some additional specific information on total spending by the companies. The reports would not have to include any confidential or proprietary information.

"It's abundantly clear that we need to address the unsustainable trend of sky-high prescription drug prices," said **AARP CEO Jo Ann Jenkins**. "The FAIR Drug Pricing Act is an important step in demanding more transparency from pharmaceutical companies when they dramatically raise the prices of their products."

HHS would make the information from these transparency reports publicly available in an understandable online format. Accessible information on the costs and value of prescription drugs would help consumers, health care providers, insurers, and policymakers determine whether drug manufacturers' drug price increases are justified.

Nearly 60% of Americans take at least one prescription drug on a regular basis. The average senior takes four medications on a regular basis. According to an **AARP report**, retail prices for a combined set of widely used prescription drugs consistently increased faster than general inflation in every year from 2006 to 2013. The average annual retail cost of widely used specialty prescription drugs was over \$53,000 in 2013, more than twice the median income of \$23,500 for Medicare beneficiaries.

"Astronomically priced drugs are hurting everyone, but seniors are particularly vulnerable to endless escalations in their prescription drug costs," said Jenkins. "AARP is actively working on ways to help make prescription drugs affordable for its members and all Americans."

Total prescription drug spending in the US hit a record high of \$425 billion in 2015 and is projected to surpass \$600 billion by 2020. "We, as a society, simply cannot afford to continue handing drug manufacturers a blank check," said Jenkins.

Drug companies that failed to comply with The FAIR Drug Pricing Act's reporting requirement would face civil penalties of \$100,000 per day. These funds would be deposited into a new Drug Value and Price Transparency Fund and used to fund activities initiated by this legislation.

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About AARP

AARP is a nonprofit, nonpartisan organization, with a membership of nearly 38 million that helps people turn their goals and dreams into 'Real Possibilities' by changing the way America defines aging. With staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP works to strengthen communities and promote the issues that matter most to families such as healthcare security, financial security and personal fulfillment. AARP also advocates for individuals in the marketplace by selecting products and services of high quality and value to carry the AARP name. As a trusted source for news and information, AARP produces the world's largest circulation magazine, AARP The Magazine and AARP Bulletin. AARP does not endorse candidates for public office or make contributions to political campaigns or candidates. To learn more, visit www.aarp.org or follow @aarp and our CEO @JoAnn_Jenkins on Twitter.

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