

The Prescription Drug Rebate Reform Act of 2019 (Romney–Braun)

Patients across the nation face skyrocketing prescription drug costs while drug manufacturers, wholesalers, and insurance companies benefit from a complex system of rebates that make it impossible to know the real cost of prescription drugs.

The *Prescription Drug Rebate Reform Act of 2019* would bring much-needed price transparency to the process. Patients and consumers stand to gain by paying lower out-of-pocket costs at the pharmacy.

Why Is the Bill Needed?

Many health care plans require enrollees to pay “coinsurance,” or a percentage of the total cost for prescription drugs. However, the enrollee’s coinsurance obligation is often based on a drug’s “list price,” rather than on the actual price negotiated by drug manufacturers, wholesalers, and insurance companies.

These groups – through a middleman known as a pharmacy benefit manager – successfully negotiate price rebates, discounts, and other price concessions to lower the net price of the drug. Yet, the only price ever shown to the consumer is the higher list price.

Our health system creates a perverse incentive to raise list prices in order to secure steeper rebates – to the patient’s detriment. Under the current system, when list price rises, so does the patient’s coinsurance obligation, since the two are linked together.

It is time patients benefitted from steep negotiated discounts. This bill would ensure any coinsurance obligation is set according to final “net prices” instead of inflated list prices. Passing this bill would increase price transparency for prescription drugs and lower out-of-pocket costs to consumers.

What Does the Bill Do?

The *Prescription Drug Rebate Reform Act of 2019* would require all patients’ coinsurance obligations be set as a percentage of net price, rather than list price – before or after a deductible is met.

The bill would go into effect for all insurance plan years beginning on or after January 1, 2021.