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August 16, 2018

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The Honorable Mitch McConnell
Majority Leader
317 Russell Senate Office Building
U.S. Senate
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
322 Hart Senate Office Building
U.S. Senate
Washington, DC 20510

Dear Leader McConnell and Leader Schumer,

On behalf of the American Psychiatric Association (APA), the national medical specialty association representing more than 37,800 psychiatric physicians, I write in support of **S. 2554, the Patient Right to Know Drug Prices Act** recently reported from the Senate HELP Committee. S. 2554 seeks to enhance transparency in the pricing of prescription drugs by forbidding insurers and pharmacy benefit managers (PBMs) from imposing “gag clauses” in their contracts with pharmacies. These clauses forbid pharmacies from disclosing to patients the difference between the amount of the drug’s copay under their insurance plan and the amount they would pay for the drug without using their insurance. As providers, we are deeply concerned about the barriers these clauses impose on a patient’s access to affordable medications. Federal preemption of these clauses is among the proposals included in President Trump’s blueprint¹ to lower drug prices and reduce out-of-pocket costs for patients.

As you know, the list prices for prescription drugs continue to rise. PBMs seek to lower those prices by negotiating discounts directly with drug manufacturers. However, the amount of these discounts may result in an insurance plan’s copay for a drug exceeding the actual cost of purchasing the drug out-of-pocket because the copay is typically calculated based on factors other than the actual price of the drug. Unfortunately, because the amount of these discounts is not publicly available, consumers do not know when their insurance plan copay is higher than the actual price of the drug and often assume that their copay represents only a portion of the best possible price of the drug.

According to a recent study² of 2013 drug pricing and payment data, consumers overpaid for their prescription drugs by \$135 million. Almost a quarter (23%) of all prescriptions

¹ U.S. Dep’t of Health and Human Services, *American Patients First*, 37 (July 2018), available at <https://www.hhs.gov/sites/default/files/AmericanPatientsFirst.pdf>.

² USC Schaeffer Center for Health Policy & Economics, *Overpaying for Prescription Drugs: The Copay Clawback Phenomenon* (March 2018), available at https://healthpolicy.usc.edu/wp-content/uploads/2018/03/2018.03_Overpaying20for20Prescription20Drugs_White20Paper_v.1-2.pdf.

filled in 2013 involved a patient copayment that exceeded the average price of the drug by more than \$2.00. Prescriptions for drugs commonly used to treat mental health disorders are prone to this overpayment phenomenon. The medications cited as having the highest frequency of overpaid prescriptions include drugs commonly used to treat insomnia, depression, and some side effects of psychiatric medications.

Thank you for your ongoing commitment to finding bipartisan ways to enhance transparency in the prices consumers pay for their health care. Accordingly, we urge you to promptly bring **S. 2554, the Patient Right to Know Drug Prices Act**, to the Senate floor for a vote. If you have any questions, please contact Megan Marcinko at mmarcinko@psych.org / 202.559.3839 or Mike Troubh at mtroubh@psych.org / 202.559.3571.

Sincerely,

A handwritten signature in black ink that reads "Saul Levin, MD, MPA". The signature is written in a cursive style and is placed on a white rectangular background.

Saul Levin, MD, MPA, FRCP-E
CEO and Medical Director
American Psychiatric Association

CC: The Honorable Susan Collins