

CHA Talking Points

High Prescription Drug Prices Burden Patients, Inflate Health Care Costs

- 1. Prescription drugs should be affordable for patients.**
 - In 2015, total spending on prescription drugs surpassed \$457 billion, representing an increase of 8.5 percent. The cost of some drugs jumped as much as 3,600 percent over two years.
- 2. Any solution to rising prescription drug costs must address its root causes, such as medication shortages and a lack of competition.**
 - An optimal marketplace is one in which multiple manufacturers compete on similar medications. A mix of generic and branded drugs promotes a healthy, robust market that should reduce costs for patients.
 - With increasing frequency, drug supply does not meet demand. These shortages are often due to natural disasters that disrupt production or government-imposed production quotas. In these cases, costs skyrocket — particularly for drugs produced by only one or two manufacturers.
- 3. California's hospitals are committed to ensuring the availability of life-saving and life-changing prescription drugs.**
 - More than 180 California hospitals participate in the federal 340B Drug Pricing Program, which provides discount drugs to low-income patients. Savings generated through the program support services — such as mobile primary care clinics, diabetes screenings, and HIV clinics — that keep patients healthier. For small and rural hospitals, these savings can be the difference between staying open and closing their doors.
 - Many California hospitals participate in group purchasing organizations to lower the cost of drugs.
- 4. Prescription drug prices should be transparent and help patients assess the value of one drug over another.**
 - California has the most comprehensive drug price transparency laws in the nation. Beginning in 2018, drug manufacturers are required to publicly disclose drug prices, including justification for significant price increases.
 - Hospitals support increased transparency for drug manufacturers, such as public reporting of drug pricing. This enables stakeholders to hold drug manufacturers accountable for fairly pricing products.