

## Billions saved if Pay-for-Delay deterring legislation were enacted

Written by Grassley Press

Friday, 11 November 2011 14:36

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Kohl-Grassley Generic Drug Bill Would Save Taxpayers Nearly \$4.8 Billion, Congressional Budget Office Says

WASHINGTON – A new Congressional Budget Office (CBO) estimate finds that a bipartisan bill aimed at cutting costs by encouraging competition from generic drugs would save taxpayers nearly \$4.8 billion over the next decade.

CBO anticipates that enacting the Preserve Access to Affordable Generic Drugs Act (S. 27) would accelerate the availability of lower-priced generic drugs and generate \$4.785 billion in budget savings between fiscal years 2012 and 2021. CBO also estimates that earlier entry of generic drugs affected by the bill would reduce total drug expenditures in the U.S. by roughly \$11 billion over the decade.

The CBO estimate can be found [here](#) .

The bill would deter “pay-for-delay” settlements in which brand name drug companies settle

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patent disputes by paying generic drug manufacturers in exchange for the promise of delaying the release of the generic version into the market. Under the legislation, these anti-consumer pay-off agreements would be presumed illegal and the Federal Trade Commission (FTC) would be provided the authority to stop the agreements.

“Generic drugs are essential to making medicine affordable and holding down costs for taxpayers,” Kohl said. “As CBO’s new cost estimate shows, backroom pay-for-delay deals are keeping generic drugs off the shelves at a great cost to consumers and taxpayers. Congress and the Joint Select Committee on Deficit Reduction should take this opportunity to fix this problem.”

“CBO estimates that there would be significant savings to both the federal government and consumers if our legislation were to be enacted. When people across the country are having a hard time making ends meet, this could be a real boost to their bottom line,” Grassley said. “I urge the deficit reduction committee to include this legislation in their efforts to make the necessary reductions in the federal budget.”

Last month, Kohl and Grassley urged the Joint Select Committee on Deficit Reduction to include the bill as part of its budget-cutting effort. The letter can be found [here](#).

The Federal Trade Commission also released a [report](#) last month that found that drug companies entered into 28 potential [pay-for-delay deals](#) in FY 2011, nearly matching the previous fiscal year’s record of 31 deals. Overall, the agreements reached in the latest fiscal year involved 25 different brand-name pharmaceutical products with combined annual U.S. sales of more than \$9 billion.

In July, the Senate Judiciary Committee favorably reported the Preserve Access to Affordable Generic Drugs Act.

Previously, CBO estimated that the bill would save the federal government – which pays approximately one-third of all prescription costs – \$2.68 billion over ten years. The president included a provision to end pay-for-delay settlements in his FY 2012 budget and estimated it would save the federal government \$8 billion over ten years.

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