SB-3

Enable government agencies to negotiate and establish price controls on commonly used, overpriced, prescription medications to provide affordable healthcare to all Americans, and punish pharmaceutical corporations that refuse to comply.

IN THE SENATE OF THE AMERICAN LEGION BOYS NATION

Mr. Rama of Florida introduced the following bill;

A BILL

Enable government agencies to negotiate and establish price controls on commonly used, overpriced, prescription medications to provide affordable healthcare to all Americans, and punish pharmaceutical corporations that refuse to comply.

Be it enacted by The American Legion Boys Nation Senate assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Fair Drug Prices for Americans Act, FDA Act".

SECTION 2. Establishing Price Negotiations

a.Establishes an exception to the noninterference clause under Medicare Part D which currently restricts the Department of Health and Human Services from enacting negotiations with prescription drug manufacturers, enabling the HHS to enact price negotiations with the manufacturers of the 100 most expensive drugs based on Medicare Part D spending for prescription drugs and US patient

spending, and all prescription drugs developed using federal funding from the National Health Institute.

i.The notice and comment process will be implemented as a medium for negotiation between pharmaceutical companies and the HHS, with the HHS providing a proposed price, and pharmaceutical companies being able to make use of the ability to submit "written data, views, or arguments" over 1 year in response to the proposed drug price.

ii. Once the price target is reached and agreed upon, it shall be immediately implemented into all Medicare plans and made available to state Medicaid and private insurance plans.

SECTION 3. Price Targets

a.Generic prescription drugs will be considered exempt from price negotiations.

b.International Brand-name drugs with US prices within 110% of their average pricing in the top 10 countries ranked by HDI will also be considered exempt. The HHS will propose price reductions for International Brand-name drugs that fall outside of this 110% price range.

c.Drugs without international comparison, market exclusivity (there exists no similar product), or that are newly released will be subject to pricing evaluations performed by the HHS based on research and development, manufacturing costs, prices to pharmaceutical distributors, and the median income of American households. The maximum price will constrain the net profit of a pharmaceutical product to 30% for manufacturers (from a national average of 71%)

SECTION 4. Incentives and Punishments

a.The National Institute of Health is currently the world's largest funder of research in pharmaceuticals. If a corporation agrees to the proposed price target established, it may apply for research-aid grants from the National Institute of Health to fund the development of future products given that it can demonstrate that its research capabilities have been significantly hampered by drug price reductions enacted by the HHS.

i.A comprehensive plan detailing the exact product to be developed, the allocation of funding, and a

timeline of objectives is required. The NIH will review all applications and oversee the correct usage of grants.

b.In addition to research grants, an expansion of research and development tax credits will be granted to companies that agree to HHS-instituted price controls, expanding the percentage from 25% to 40%.

i.Corporations that successfully apply for research-aid grants will not be eligible for the full increase in tax credits, as their research and development are not impacting their financial status but rather being federally funded.

c.In the event that a corporation refuses to comply with the price control enacted by the HHS, a series of penalties shall be levied:

i.All federal subsidies allocated to that company for the purpose of funding research will be halted.

ii. If the product in question was developed as a result of federal funding, the corporation will be levied a fine of 20% of the subsidy that the government provided to the corporation to develop that drug.

iii. A 70% excise tax will be implemented on all sales of the product in question until the company agrees to price cuts.

d.A company will be able to re-enact price negotiations with the HHS annually to comply with price controls or renegotiate prices in regard to inflation increases.