

December 14, 2020

ATTORNEY GENERAL RAOUL URGES FEDERAL GOVERNMENT TO ENFORCE DRUG PRICING PROGRAM

Chicago — Attorney General Kwame Raoul today joined a bipartisan coalition of 28 attorneys general urging the U.S. Department of Health and Human Services (HHS) to hold drug manufacturers accountable for unlawfully refusing to provide discounts to federally qualified health centers, hospitals and other providers that serve vulnerable patient populations through the 340B Drug Pricing Program. The 340B Drug Pricing Program provides discounts to covered health care entities that serve uninsured and low-income patients, and helps these providers keep costs low even as prescription drug prices rise.

In [today's letter](#) addressed to HHS Secretary Alex Azar, Raoul and the coalition argue that by withholding or threatening to withhold these critical discounts, drug manufacturers Eli Lilly & Company, AstraZeneca PLC, Sanofi SA, Novartis Pharmaceuticals, Merck & Co., United Therapeutics Corp., and others, put low-income patients at risk of losing access to affordable medications while communities continue to battle the COVID-19 pandemic. The 340B Drug Pricing Program has strong bipartisan support, and Congress has acted numerous times to ensure drug manufacturers continue to comply with the program's mandates.

"Large drug manufacturers refusing to give mandated drug discounts to health care providers that serve low-income and uninsured Americans is particularly harmful during the COVID-19 pandemic," Raoul said. "Access to affordable medications is critical, and I urge the Department of Health and Human Services to use the power afforded to the department to enforce and regulate the 340B Drug Pricing Program."

As a condition of their drugs being covered by Medicaid and Medicare Part B, Congress required drug manufacturers to enter into Pharmaceutical Pricing Agreements (PPAs) with HHS. The PPAs limit the amounts public hospitals, community health centers and facilities serving indigent patients have to pay drug manufacturers for medications. These PPAs require companies to offer each covered medication to providers "at or below the applicable ceiling price." Instead of complying with their obligations, Eli Lilly & Company, AstraZeneca PLC, Sanofi SA, Novartis Pharmaceuticals, Merck & Co., United Therapeutics Corp., and others have unlawfully refused to provide discounts, potentially depriving Americans who rely on them from essential health care resources as the country deals with a public health crisis.

Under the 340B Drug Pricing Program, HHS has the authority to address violations of the program by drug manufacturers. For example, HHS may require manufacturers to reimburse covered health care centers and/or terminate manufacturers' PPAs. While HHS has recently published regulations establishing an administrative dispute resolution (ADR) process under which covered entities can file complaints and seek relief, the ADR process is not sufficient to address immediate harm caused by drug companies.

Joining Raoul in today's letter are the attorneys general of California, Connecticut, Colorado, Delaware, the District of Columbia, Hawaii, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, New Jersey, New Mexico, New York, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Vermont, Virginia, Washington and Wisconsin.