May 28, 2019

The Honorable Abigail Spanberger (D-VA)  
U.S. House of Representatives  
1239 Longworth HOB  
Washington, D.C. 20515

The Honorable Jodie Arrington (R-TX)  
U.S. House of Representatives  
1029 Longworth HOB  
Washington, D.C. 20515

The Honorable Brendan Boyle (D-PA)  
U.S. House of Representatives  
1133 Longworth HOB  
Washington, D.C. 20515

Dear Representatives Spanberger, Arrington, and Boyle:

The American Academy of Dermatology Association (Academy), which represents more than 13,800 dermatologists nationwide, is pleased to offer its support for H.R. 2115, the “Public Disclosure of Drug Discounts Act,” which is intended to provide more transparency on the part of Pharmacy Benefit Managers (PBMs) regarding rebates and discounts they receive from drug manufacturers for the Part D Medicare Prescription Drug Program and Medicare Advantage. Dermatologists diagnose and treat more than 3,000 diseases, including skin cancer, psoriasis, immunologic disease and many genetic disorders. One in four Americans suffers from a skin disease.

The Academy appreciates that this bill will enable consumers and employers to be educated about the savings, if any, that is passed on to patients. However, as this bill moves through the legislative process, the Academy asks that Congress take into consideration costs that PBMs could pass on to patients to comply with this Act. The Academy also asks that Congress instruct the Secretary of Health and Human Services to post the information in a format that is easily readable and meaningful for patients to understand. Dermatologists are committed to providing the most effective and cost-efficient care and therapies to their patients.

The Academy supports transparency in the structure in which PBMs operate. This includes complete cost transparency for the full compendium of medications, as well as how copayment and coinsurance levels are determined so that patients continue to have access to a wide range of treatment options. The processes for determining how drug prices are negotiated, both specialty and generic, should be readily transparent so to ensure that patients receive the full benefit of any cost lowering measures and support patients receiving the maximum benefit from any cost saving measures as opposed to a minimal benefit. The Academy also believes that patients and physicians should have access to real-time cost information available at the point of prescribing to ensure cost considerations are a meaningful part of the decision-making process.

The consolidation of the industry and current financial arrangements must be monitored to avoid a conflict of interest when developing formularies and tiers. The Academy supports more
transparency in formularies including providing the estimated cost sharing and co-insurance amounts in plain language for consumers in a format that is readily accessible. When a formulary changes mid-year, this information should be promptly communicated with both providers and patients.

Dermatology drugs have been disproportionately impacted by rising drug prices. A report published by the Government Accountability Office in August 2016, *Generic Drugs Under Medicare: Part D Generic Drug Prices Declined Overall, but Some Had Extraordinary Price Increases*, noted that while the overall cost of generic drugs has decreased in recent years, there were a few categories of drugs that saw extraordinary price increases. The report highlighted that topical drugs that account for only eight percent of all established drugs represented 46 percent of all extraordinary price increases between 2011 and 2012. When drugs become cost-prohibitive for patients, they often go without. According to the Centers for Disease Control and Prevention (CDC), “nearly 18% of chronically ill Americans report underusing medications and delaying or not fulfilling therapeutic recommendations because of cost,” and “56% of American adults with common chronic diseases self-report nonfulfillment of medication as a result of financial hardship.”¹

The Academy has made patient access to affordable treatments and transparency in drug pricing a top priority. We appreciate your targeted effort to address drug pricing costs. Please feel free to contact Christine O’Connor, the Academy’s Associate Director, Congressional Policy at coconnor@aad.org or (202) 609-6330 if you have any questions or if we can provide additional information.

Sincerely,

George J. Hruza, MD MBA FAAD
President, American Academy of Dermatology Association

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