

Congress of the United States

Washington, DC 20510

February 24, 2015

The Honorable Daniel R. Levinson
Office of the Inspector General
Department of Health and Human Services
330 Independence Avenue, SW
Washington, DC 20201

Dear Inspector General Levinson:

We are writing to request that your office examine recent increases in the prices being charged for generic drugs and the effect these price increases have had on generic drug spending within the Medicare and Medicaid programs.

Prices for some generic drugs – which are used to treat everything from common medical conditions to life-threatening illnesses – have recently risen at alarming rates. An analysis of National Average Drug Acquisition Cost (NADAC) data maintained by the Centers for Medicare and Medicaid Services (CMS) shows that half of all generic drugs went up in price between July 2, 2013, and June 30, 2014. During this same time period, nearly 10 percent of drugs more than doubled in price. See Table 1, below.

Table 1. Summary of Generic Drug Average Acquisition Cost Changes

Between the Weeks of July 2, 2013 and June 30, 2014

Percentage Changes in National Average Drug Acquisition Cost	Number of National Drug Codes	Number of NADAC Generic Drug Groupings	Percent of Total NADAC Generic Drug Groupings
-25.0% to -90+%	559	77	2.9%
-10.0% to -24.9%	2,411	346	12.9%
-5.0% to -9.9%	2,189	367	13.7%
-0.1% to -4.9%	3,059	531	19.9%
0%	12	7	0.3%
0.1% to 4.9%	2,462	421	15.8%
5.0% to 9.9%	967	210	7.9%
10.0% to 24.9%	830	232	8.7%
25.0% to 99.9%	816	230	8.6%
100% to 17,000+%	1,215	251	9.4%
Total	14,520	2,672	100.0%

Source: CRS analysis of CMS NADAC data from surveys for the weeks ending July 2, 2013 and June 25, 2014. Numbers may not sum due to rounding.

These price increases appear to be occurring across a wide range of drug products. In some instances, certain dosages or dose forms of a product have increased rapidly while prices for other doses remained flat or declined. The frequency and intensity of these price fluctuations make it difficult for consumers to afford their needed medications and for pharmacists and hospitals to maintain their inventory and plan their budgets. See Table 2, below.

**Table 2. Cost Increases in Generic Drugs
July 2013 to December 2014**

NDC Description	NADAC Per Unit Cost July 2013	NADAC Per Unit Cost December 2014	Price Change (%)
Amitriptyline Hydrochloride 100 mg tablet	\$0.04	\$1.08	2,487%
Amitriptyline Hydrochloride 150 mg tablet	\$0.02	\$0.13	691%
Captopril 12.5 mg tablet	\$0.02	\$0.90	5,316%
Captopril 100 mg tablet	\$0.06	\$1.88	3,281%
Clomipramine Hydrochloride 75 mg capsule	\$0.42	\$7.80	1,737%
Clomipramine Hydrochloride 50 mg capsule	\$9.03	\$8.29	-8%
Doxazosin Mesylate 1 mg tablet	\$0.05	\$0.56	1,051%
Doxazosin Mesylate 8 mg tablet	\$0.11	\$0.59	427%
Enalapril Maleate 20 mg tablet	\$0.03	\$0.43	1,461%
Enalapril Maleate 10 mg tablet	\$0.02	\$0.22	858%
Fluconazole 100 mg tablet	\$0.14	\$1.44	954%
Fluconazole 150 mg tablet	\$2.39	\$2.21	-8%
Mirtazapine 7.5 mg tablet	\$0.13	\$1.15	765%
Mirtazapine 45 mg tablet	\$0.25	\$0.32	30%
Pravastatin Sodium 10 mg tablet	\$0.06	\$0.38	502%
Pravastatin Sodium 80 mg tablet	\$0.22	\$0.58	162%
Prednisone 5 mg tablet	\$0.02	\$0.13	477%
Prednisone 50 mg tablet	\$0.19	\$0.27	40%
Tetracycline 500 mg capsule	\$0.05	\$8.53	17,582%
Tetracycline 250 mg capsule	\$0.06	\$4.06	6,991%
Ursodiol 300 mg tablet	\$0.29	\$4.48	1,408%
Ursodiol 500 mg tablet	\$2.69	\$2.69	0%

Historically, the use of generic drugs by Medicare and Medicaid beneficiaries has resulted in savings for the federal government, and generic drugs have helped make medications affordable for millions of Americans. However, recent cost increases – some by hundreds or thousands of percent – are now preventing some patients from getting the drugs they need, and we are interested in the cumulative effect these price increases are having on federal payers.

Table 3 below shows six drugs whose cost to the Medicaid program rose significantly over the last year at the same time the number of prescriptions for those medications dropped by more than 25 percent.

Table 3. Estimated Medicaid FFS Drug Expenditures for Selected Generic Drugs
July 1, 2012 to June 30, 2013 and July 1, 2013 to June 30, 2014

Selected Drugs	07/01/2012-06/30/2013		07/01/2013-06/30/2014		Percentage Change	
	Number of Prescriptions	Medicaid Paid ^a	Number of Prescriptions	Medicaid Paid ^a	Number of Prescriptions	Medicaid Paid ^a
Albuterol Sulfate 2 MG Tablet	4,255	\$162,700	3,300	\$823,953	-22.44%	406.4%
Doxycycline Hyclate 100 MG Capsule	436,778	\$7,331,824	272,456	\$16,225,250	-37.62%	121.3%
Divalproex Sodium ER 500 MG Tablet	604,801	\$24,048,150	463,085	\$80,131,865	-23.43%	233.2%
Pravastatin Sodium 10 MG Tablet	63,380	\$491,351	76,759	\$996,004	21.1%	102.7%
Benazepril-Hydrochlorothiazide 20-25 MG Tablet	12,702	\$177,912	10,866	\$328,323	-14.4%	84.5%
Digoxin 250 MCG Tablet	75,128	\$594,952	63,303	\$1,130,834	-15.7%	90.1%
Total for these Drugs	1,197,044	\$32,806,890	889,769	\$99,636,229	-25.7%	203.7%

Source: CRS analysis of CMS Medicaid drug utilization data. Medicaid data are for fee-for-service (FFS) prescriptions only and are based on data reported by states and DC. The Medicaid paid amount in Table 3 includes both state and federal expenditures. No attempt was made to verify these data or to determine if all states submitted data.

Notes: a. Before all Medicaid rebates.

We ask that you evaluate drug price information, including Average Manufacturer Price data that drug manufacturers submit to CMS, to determine if the number and size of these price increases have accelerated since the last time your office examined this issue.¹ We also ask that you evaluate the total cost to the Medicare and Medicaid programs due to these price increases and make recommendations as appropriate. Finally, we ask that you examine the extent to which generic drug price increases have exceeded the specific statutory inflation factor under section 1927(c)(2) of the Social Security Act and evaluate the potential savings to the federal government if the specified statutory inflation factor applied to generic drugs.

¹ Department of Health and Human Services, Office of Inspector General, *Review of Generic Drug Price Increases* (Oct. 2007) (A-06-07-00042) (online at <https://oig.hhs.gov/oas/reports/region6/60700042.pdf>).

Thank you for your consideration of this request.

Sincerely,



Representative Elijah E. Cummings
Ranking Member
Committee on Oversight and Government Reform
United States House of Representatives



Senator Bernard Sanders
Ranking Member
Subcommittee on Primary Health and
Retirement Security
Committee on Health, Education, Labor and
Pensions
United States Senate

cc. The Honorable Jason Chaffetz
Chairman, House Committee on Oversight and Government Reform

The Honorable Michael B. Enzi
Chairman, Subcommittee on Primary Health and Retirement Security
Committee on Health, Education, Labor and Pensions