



How Congress Can Lower Drug Prices, Boost Competition

Two Bipartisan Solutions—the ETHIC Act and Skinny Labels, Big Savings Act—Would Crack Down on Big Pharma's Anti-Competitive Tactics, Bring More Affordable Alternatives to Market

What's Driving High Drug Prices?

Big Pharma blocks competition by **gaming the patent system**, creating “patent thickets” – where drug companies file dozens or hundreds of patents on a single drug to **block more affordable alternatives to high-priced brand name drugs from entering the market**, for months, years or even decades.

Brand name drug companies **exploit legal loopholes** to maintain monopolies longer than reasonable periods of exclusivity over their biggest money makers.

Generic and biosimilar development is delayed or blocked entirely, keeping more affordable alternatives from entering the market and driving down drug prices through greater competition.

Pharmaceutical companies exploit extended monopoly pricing with **continual price hikes on brand name drugs** outpacing the rate of inflation.

These are two bipartisan solutions Congress can act on immediately, along with additional market-based solutions, to boost competition and lower drug prices.

The Eliminating Thickets to Improve Competition (ETHIC) Act

S.2276 & H.R.3269

Targets abuse of the patent system to restore fair competition:

- Cuts down on excessive, duplicative drug patents that Big Pharma uses to extend monopoly pricing.
- Streamlines patent litigation by limiting the number of patents per patent thicket a pharmaceutical company can assert to one.
- Safeguards quality patents that improve existing drugs while promoting faster market entry of lower-cost generics and biosimilars.
- Saves money for patients and taxpayers by encouraging real market competition.

\$16B

Big Pharma's Patent Thickets On Just Five Drugs Cost Over \$16 Billion In a Single Year

Source: Matrix Global Advisors, 2023

“ This bipartisan bill would break up the anticompetitive 'patent thickets' that pharmaceutical companies have abused to the detriment of the American patient.”
– U.S. Senator Josh Hawley (R-MO)

“ I'm proud to join my colleagues in introducing the ETHIC Act to stop pharmaceutical companies from abusing the patent system and lower prescription drug prices for patients across the country.”
– U.S. Senator Peter Welch (D-VT)

\$15B

Skinny Label Generics Saved Medicare Part D Nearly \$15 Billion on Just 15 Drugs

Source: Annals of Internal Medicine, 2024

“ Big Pharma uses endless patent litigation to squeeze patients and stop competitors from coming into the market. Our bill levels the playing field so generic drug manufacturers can help working people afford life-saving medication.”
– U.S. Senator John Hickenlooper (D-CO)

“ This bipartisan legislation will promote generic drug competition and improve patient access to lower-cost medications. By reaffirming the so-called 'skinny label' pathway, this bill will help patients and taxpayers save money on prescription drugs.”
– U.S. Senator Susan Collins (R-ME)

The Skinny Labels, Big Savings Act

S.43 & H.R.6485

Protects access to safe, lower-cost generic drugs:

- Safeguards “skinny labeling” – a process where generic manufacturers carve out patented uses from a drug's FDA label, so it is “skinnier” than the original.
- Allows generic drugs to be approved earlier for non patented uses, instead of waiting for all brand label method of use patents to expire.
- Clarifies the rules so generic manufacturers aren't unfairly sued for offering lower-cost alternatives.
- Lowers costs for patients by expanding access to more affordable generic and biosimilar alternatives.

THE BOTTOM LINE

Congress can **lower drug prices**, **boost competition**, and **protect patients and taxpayers** by passing the **ETHIC Act** and the **Skinny Labels, Big Savings Act**.