

NEWS BRIEF

Provided by: Brown & Brown Benefit Advisors

HHS Moves for More Drug Price Transparency

Beginning in May of last year, the Trump administration began searching for ways to curb out-of-control prescription drug costs—referring to the initiative as [American Patients First](#). This effort is finally seeing some traction, with the administration publishing its first final rule on the matter.

Drug companies will now be “... required to disclose to patients the list price for prescription drugs in TV ads,” according to the Department of Health and Human Services (HHS).

More specifically, the rule requires prescriptions covered by Medicare or Medicaid that cost \$35 or more per month for a typical course of therapy to be disclosed. Drugs under that threshold are unaffected.

HHS points out that the 10 most commonly advertised drugs range in price from several hundred to several thousands of dollars for a typical month of treatment.

If patients don’t understand all of their options or how expensive certain drugs are, they can be on the hook for way more than they could ever afford.

This new rule aims to increase price transparency and better protect consumers. HHS hopes this transparency will also incite competition and “... [bring] free market forces to a system full of perverse incentives.”

“You ought to know how much a drug costs and how much it’s going to cost you, long before you get to the pharmacy counter or get the bill in the mail.”

- HHS Secretary Alex Azar

This rule won’t take effect until 60 days after its publication, so employers should expect to see action starting in July. Employers should prepare for increased employee questions regarding drug costs.

Stay tuned for more information on industry developments.

