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Senate Committee approves Grassley, Kohl bill  
to give consumers access to lower-priced medicine

WASHINGTON, DC – The Senate Judiciary Committee voted this morning for legislation that would stop the "wheeling and dealing that delays the entry of lower-priced medicines in the marketplace," according to Senator Chuck Grassley, who sponsored the pro-consumer measure with Senator Herb Kohl.

Grassley said their legislation -- the Preserve Access to Affordable Generics Act, S.369 -- would prohibit brand-name drug manufacturers from entering into agreements with generic drug companies designed to keep cheaper generic equivalents off the market. He said these pay-for-delay deals impede generic drug competition and keep drug costs high for Americans.

"Our bill takes direct aim at anti-consumer, anti-competitive agreements between generic and brand name pharmaceutical manufacturers that line drug-makers pockets at the expense of consumers," Grassley said.

Committee members voted 12 to 7 for the bill.

Grassley said that he and Kohl sponsored this legislation in response to two appellate court decisions in 2005, which permitted these kinds of pay-off agreements despite the opposition of the Federal Trade Commission (FTC). In the two years following these court decisions, the FTC determined that nearly half of all patent settlements involved payments from the brand-name to the generic manufacturer in return for an agreement by the generic to keep its drug off the market. However, in 2004, the year before the court decisions, no patent settlement reported to the FTC contained such an agreement. A study by the Pharmaceutical Care Management Association said health plans and consumers could save \$26.4 billion over five years by using the generic versions of 14 popular drugs that are scheduled to lose their patent protections before 2010.

Grassley and Kohl first introduced their bill in 2006. They reintroduced it in February 2009, after Congress failed to pass the measure during the last Congress. The legislation is co-sponsored by Senators Russ Feingold, Dick Durbin and Sherrod Brown.