AMENDMENT NO._____ Calendar No._____

Purpose: In the nature of a substitute.

IN THE SENATE OF THE UNITED STATES—116th Cong., 1st Sess.

S. 1227

To require the Federal Trade Commission to study the role of intermediaries in the pharmaceutical supply chain and provide Congress with appropriate policy recommendations, and for other purposes.

Referred to the Committee on _____ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended to be proposed by Mr. GRASSLEY

Viz:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Prescription Pricing for the People Act of 2019''.

SEC. 2. DEFINITIONS.

In this Act:

(1) APPROPRIATE COMMITTEES OF CONGRESS.—The term ''appropriate committees of Congress'' means—

(A) the Committee on the Judiciary of the Senate; and

(B) the Committee on the Judiciary of the House of Representatives.

(2) COMMISSION.—The term ''Commission'' means the Federal Trade Commission.

SEC. 3. STUDY OF PHARMACEUTICAL SUPPLY CHAIN INTERMEDIARIES AND MERGER ACTIVITY.

(a) REPORT.—Not later than 1 year after the date of enactment of this Act, the Commission shall submit to the appropriate committees of Congress a report that—

(1) addresses at minimum—

(A) whether pharmacy benefit managers—

(i) charge payers a higher price than the reimbursement rate at which the pharmacy benefit managers reimburse pharmacies owned by the pharmacy benefit manager and pharmacies not owned by the pharmacy benefit manager;

(ii) steer patients for competitive advantage to any pharmacy, including a retail, mail-order, or any other type of pharmacy, in which the pharmacy benefit managers have an ownership interest;

(iii) audit or review proprietary data, including acquisition costs, patient information, or dispensing information, of pharmacies not owned by the pharmacy benefit manager and use such proprietary data to increase revenue or market share for competitive advantage; or

(iv) use formulary designs to increase the market share of higher cost prescription drugs or depress the market share of lower cost prescription drugs (each net of rebates and discounts);

(B) trends or observations on the state of competition in the healthcare supply chain, particularly with regard to intermediaries and their integration with other intermediaries, suppliers, or payers of prescription drug benefits;

(C) how companies and payers assess the benefits, costs, and risks of contracting with intermediaries, including pharmacy services administrative organizations, and whether more information about the roles of intermediaries should be available to consumers and payers; and

(D) whether there are any specific legal or regulatory obstacles the Commission currently faces in enforcing the antitrust and consumer protection laws in the pharmaceutical supply chain, including the pharmacy benefit manager marketplace and pharmacy services administrative organizations; and

(2) provides—

(A) observations or conclusions drawn from the November 2017 roundtable entitled ''Understanding Competition in Prescription Drug Markets: Entry and Supply Chain Dynamics,'' and any similar efforts;

(B) specific actions the Commission intends to take as a result of the November 2017 roundtable, and any similar efforts, including a detailed description of relevant forthcoming actions, additional research or roundtable discussions, consumer education efforts, or enforcement actions; and

(C) policy or legislative recommendations to—

(i) improve transparency and competition in the pharmaceutical supply chain;

(ii) prevent and deter anticompetitive behavior in the pharmaceutical supply chain; and

(iii) best ensure that consumers benefit from any cost savings or efficiencies that may result from mergers and consolidations.

(b) INTERIM REPORT.—Not later than 180 days after the date of enactment of this Act, the Commission shall submit to the appropriate committees of Congress an interim report on the progress of the report required by subsection (a), along with preliminary findings and conclusions based on information collected to that date.

SEC. 4. REPORT.

The Commission shall submit to the appropriate committees of Congress a report that includes—

(1) the number and nature of complaints received by the Commission relating to an allegation of anticompetitive conduct by a manufacturer of a sole-source drug;

(2) the ability of the Commission to bring an enforcement action against a manufacturer of a sole-source drug; and

(3) policy or legislative recommendations to strengthen enforcement actions relating to anti-competitive behavior.