



Pay-to-Delay: Big Pharma's Scheme to Keep Drug Costs High

Pay-to-delay agreements, also known as reverse payment settlements, occur when major brand-name pharmaceutical companies pay off generic manufacturers to delay entering their lower-priced generic versions of the drug into the market for a set period of time. Essentially, Big Pharma is paying off the competition and hurting consumers' wallets. AB 824, authored by Assemblyman Jim Wood, will help to bring more generic drugs into the marketplace and improve the affordability of prescription drugs by giving the Attorney General greater tools to crack down on Pharma's pay-to-delay schemes.

Pay-to-Delay... Gives a Monopoly to Drug Manufacturers

With Pay-to-delay, brand-name pharmaceutical prices stay high, and the brand name and generic manufacturers share the profits from these anti-competitive agreements. The deals made allow for a major brand-name drug to avoid competition from biosimilars, or generic drugs, for years if not decades.

Pay-to-Delay... Costs Consumers Billions

Pay-to-Delay makes consumers miss out on generic prices that can be as much as 90 percent less than brand named prices. Brand-name medications that cost \$300 per month might be sold as a generic for as little as \$30 per month. According to a Federal Trade Commission study, these anti-competitive deals cost consumers and taxpayers \$3.5 billion in higher drug costs every year.

Pay-to-Delay... Is Happening Right Now

Teva, the maker of the sleep disorder brand named drug Provigil, paid \$300 million dollars to four generic manufacturers to keep them off the market for six years. Deals like this continue to happen. The cancer drug, Revlimid, has increased in price by over 50% and is now priced at \$125,000 a year. Currently, there is no therapeutically equivalent generic version of Revlimid available in the United States.

Pay-to-Delay... Hurts Low-Income Families

The high cost of prescription drugs hurts all of us, but for families living on a low-income budget, astronomical prices can mean life or death. Choosing between paying to keep a roof over your family's heads or life-saving medication should not be a choice anyone should have to make.