

S. 1227, Prescription Pricing for the People Act of 2019

As reported by the Senate Committee on the Judiciary on June 28, 2019

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Deficit Effect	0	0	0
Spending Subject to Appropriation (Outlays)	0	2	0
Statutory pay-as-you-go procedures apply?	No	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

S. 1227 would require the Federal Trade Commission (FTC) to study whether anticompetitive practices exist within the pharmaceutical supply chain, especially as carried out by pharmacy benefit managers or intermediaries. Under the bill, the FTC would research potential legal or regulatory barriers to effective enforcement and identify methods that payers and companies use to assess the costs and benefits of contracting with intermediaries. In addition, the FTC would be required to formulate policy or legislative recommendations to deter anticompetitive behavior. The bill would require the FTC to submit preliminary findings to the Congress 180 days after enactment and a final report one year after enactment. S. 1227 also would require the FTC to submit another report to the Congress that details the number and nature of complaints about sole-source drug manufacturers, the FTC’s ability to engage in enforcement against such manufacturers, and recommendations to strengthen the FTC’s ability to prosecute anticompetitive behavior.

Using information from the FTC about similar activities, CBO estimates that about 11 employees, including attorneys, economists, research analysts, and paralegals, would be needed to complete the work. Although the cost would vary by position, CBO estimates that, on average, the cost per employee would be \$175,000 and that implementing the bill would cost about \$2 million over the next two years; any spending would be subject to the availability of appropriated funds.

On May 22, 2019, CBO transmitted a cost estimate for H.R. 2376, the Prescription Pricing for the People Act of 2019, as ordered reported by the House Committee on the Judiciary on

April 30, 2019. The two bills are similar and CBO's estimates of the budgetary effects are the same for both pieces of legislation.

The CBO staff contact for this estimate is David Hughes. The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.