

Fair Drug Prices for Kids Act

Senator Mark R. Warner and Cory A. Booker

Background and Need for Legislation

Under existing law in the [Medicaid Drug Rebate Program](#) (MDRP), drug manufacturers are required to sell their products to state Medicaid programs at the lowest price offered to any commercial payer also known as “Medicaid best price”. This longstanding policy is – in part – a reflection of the fact that state Medicaid programs are required to cover all prescription drugs and have limited ability to secure price concessions comparable to commercial payers.

Unfortunately, under current law – states that have a standalone Children’s Health Insurance Program (CHIP) are not allowed to participate in the Medicaid Drug Rebate program. This means that states with standalone CHIP programs do not get the same discounts as drugs purchased through state Medicaid programs – a gap that can result in higher prices and children having reduced access to prescription drugs and other needed care. The Medicaid and CHIP Payment and Access Commission reports there were [4,100,000](#) children nationally enrolled in a separate CHIP program in 2018.

Summary of Legislation

- This legislation would reduce prescription drug costs for children by giving states the option to purchase prescription drugs for their standalone CHIP program through the Medicaid drug rebate program. States would not be required to take advantage of this option and could still opt to maintain their prescription drug purchasing under existing arrangements.
- For states that do choose to purchase their prescription drugs at the “Medicaid best price” this change could generate immediate savings to individual CHIP programs and the federal government. Those excess funds can be used to ensure additional families and children have access to needed medical care and prescription drugs.

Supporting Organizations

The Georgetown University Health Policy Institute’s Center for Children and Families included this recommendation in their January 2019 report: [How to Strengthen the Medicaid Drug Rebate Program to Address Rising Medicaid Prescription Drug Costs](#). In addition, the following organizations have endorsed this legislation:

Little Lobbyists and Patients for Affordable Drugs Now