



July 8, 2019

The Honorable Senator Hannah-Beth Jackson, Chair  
Senate Judiciary Committee  
State Capitol  
Sacramento, CA 95814

**Re: AB 824 (Wood) –Support**

Dear Sen. Jackson:

On behalf of the Pacific Business Group on Health, I would like to express our strong support for AB 824 (Wood). PBGH is a not-for-profit public benefit organization based in California consisting of large public and private purchasers of health care. Together our members spend nearly \$100 billion each year to provide health care coverage for about twelve million Americans.

AB 824 would prohibit agreements in which drug manufacturers pay generic companies to delay the introduction of lower-price medications to the market. These “pay for delay” agreements seek to keep brand-name manufacturers’ drug prices high and increase profits. AB 824 would prevent these practices by making them presumptively illegal, which shifts the burden of proof in litigation, and requiring drug companies to prove these agreements are not anticompetitive.

According to a 2010 Federal Trade Commission (FTC) study, these pay for delay agreements cost consumers \$3.5 billion per year. Since then, hundreds of additional agreements between drug makers have been made, preventing or slowing down the entry of lower costs drugs from the market. These drug companies profit while employers and hard-working families foot the bill in higher premiums and at the pharmacy.

For these reasons, the Pacific Business Group on Health strongly supports AB 824 (Wood).

Sincerely,

Executive Director for Health Policy