



## Senate Background Guide: Ensuring Medication Affordability

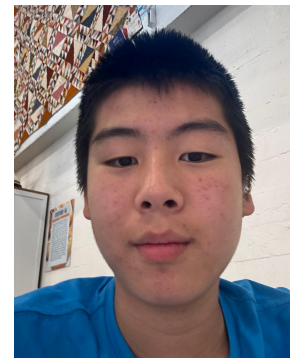
*Chairs: Morgan Baudler & Max Wang*

### Introductions:



Hi, I'm Morgan, and I'm so excited to chair Senate at MAMUNC this year! I'm a senior at Menlo-Atherton, and I've been co-president of MAMUN since Freshman year. I also helped chair MAMUNC last year! In my free time, I love hiking, reading, watching movies, and listening to music (ask me about my Storygraph, Letterboxd, and Last FM because I am addicted).

Hey y'all, I'm Max and I am hyped to be your vice-chair in the Senate committee for MAMUNC 2024. I am a junior at Foothill High School (located in East Bay -I know, so far away right?). I have been to 10+ conferences now and have been crisis-staffed in committees throughout my 2 years of doing MUN. Out of school, I enjoy doing MUN, Cross Country (owie), community service via coaching basketball, and talking about stocks + current events with my friends. As my first time chairing, I will do my best to listen to your feedback to make your experience worthwhile.



Remember to research! Slava Ukraini 🇺🇦

## **Committee Background:**

The United States Senate is one half of the legislative branch of the United States federal government along with the House of Representatives. The Senate consists of 100 members— two from every U.S. State. Since the 17th amendment was passed in 1913, Senators have been directly elected by their constituents through a popular vote.<sup>1</sup> The Senate holds a variety of powers, including negotiating and passing legislation (bills), impeaching government officials, censuring (punishing) and expelling its members, blocking and approving appointments of government officials, amending and signing treaties, declaring war, and conducting investigations.<sup>2</sup>

The creation of the U.S. Senate can be traced back to July 16, 1787 with the “Great Compromise.” Founders at the Constitutional Convention in Philadelphia agreed to a two house system with the Senate having two representatives from each state and the number of representatives in the House of Representatives being proportional to the population of each state. The Senate first met two years later on April 6, 1789. Later that year, on September 17, 1787, the Senate was officially formed when the Constitution was signed.<sup>3</sup>

The most notable power of the senate is to pass legislation. In order for a bill to be passed, at least 51 senators must vote Yea (yes) on a bill and a maximum of 49 senators can vote Nay (no) on it. If there is a 50-50 vote on a bill, the vice-president may create the tie-breaker, deciding the fate for the bill. A bill may only surface in the Senate if the House introduces and passes the bill with a majority of at least 218 voting Yea. Once the bill is passed in the house and senate, the president has an option to sign or veto the bill. If the bill is signed, it is put into law. If the bill is vetoed, the House and Senate are able to override

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<sup>1</sup> “U.S. Senate: Landmark Legislation: The Seventeenth Amendment to The Constitution,” August 7, 2023, <https://www.senate.gov/about/origins-foundations/senate-and-constitution/seventeenth-amendment.htm>.

<sup>2</sup> “U.S. Senate: Powers And Procedures,” February 8, 2024, <https://www.senate.gov/about/powers-procedures.htm#:~:text=The%20Senate%20takes%20action%20on,voice%20votes%2C%20and%20unanimous%20consent>.

<sup>3</sup> “U.S. Senate: Senate Created,” September 8, 2023, [https://www.senate.gov/artandhistory/history/minute/Senate\\_Created.htm#:~:text=On%20September%2017%2C%201787%2C%2039,a%20fence%2C%20or%20a%20saucer](https://www.senate.gov/artandhistory/history/minute/Senate_Created.htm#:~:text=On%20September%2017%2C%201787%2C%2039,a%20fence%2C%20or%20a%20saucer).

the veto by voting on the issue again. However, the House and Senate must pass with at least 66% of their delegates in favor of the override, or the bill must be discarded.

Notably, The UN charter was approved by the US Senate in July 1945 with a vote of 89Y-2N, sparking a new global order.

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"Actions - H.R.3684 - 117th Congress (2021-2022): Infrastructure Investment and Jobs Act." Congress.gov, Library of Congress, [www.congress.gov/bill/117th-congress/house-bill/3684/actions](https://www.congress.gov/bills/117/house-bills/3684/actions). Oleszek, Walter J. "Voting in the Senate: Forms and Requirements." Congressional Research Service, 19 May 2008, [crsreports.congress.gov/product/pdf/RS/98-227](https://crsreports.congress.gov/product/pdf/RS/98-227).

"Landmark Legislation: The Seventeenth Amendment to the Constitution." United States Senate, [www.senate.gov/about/origins-foundations/senate-and-constitution/seventeenth-amendment.htm](https://www.senate.gov/about/origins-foundations/senate-and-constitution/seventeenth-amendment.htm).

### **Current Situation:**

More than 131 million people in the US use prescription drugs, with 66% of adults in the US using them. More than \$73,000,000,000 (73 billion USD) or 16% of health care spending is related to prescription drugs. Half of prescription drugs are paid out of pocket, or in other terms, are paid without insurance.

While prescription prices have increased over the years, wages have not grown at the same rate. Prescription drug usage is more common among the middle-aged and elderly compared to children and young adults. Among genders, women are more likely to use prescription drugs than men. From ages 18-34, 40% of men and 66% of women use prescription drugs. Around the age of 65, prescription drug usage rates are around the same for men and women. However, men use more prescription drugs at the

age of 80, with 92% of men using prescription drugs compared to the 90% of women who reported using it.

Prescription drug users also usually pay more the older they are, with the elderly aged more than 65 paying more out of pocket than people who are younger. Furthermore, people who have chronic diseases usually pay more for prescriptions, with most payments coming out of pocket. Government health programs help, but Medicaid covers little for out of pocket costs.

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Georgetown University Health Policy Institute. "Prescription Drugs." Health Policy Institute, Georgetown University, n.d., [hpi.georgetown.edu/rxdrugs/](http://hpi.georgetown.edu/rxdrugs/).

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### **Current Situation:**

Prescription drugs have become expensive over the last few years, particularly during the lockdown and post-lockdown recovery. In just 2022-2023 alone, over 4,200 prescription drugs have increased in price. This has been a recurring issue influenced by a multitude of factors, ranging from "big pharma" corporations to supply shortages. Average American citizens are having to pay more for less, which will lead to unprecedented consequences if not resolved.

The problem stems from the 1990s when an increasing number of drugs were being approved and flooding the market. This may sound beneficial for lowering costs due to competition, but in reality, the new drugs only replaced the old ones at higher prices. More drugs have become available by prescription, making patients more likely to buy more drugs for even higher prices. Over time, with inflation and

economic changes, prices have ballooned. Another main reason for price hikes is the lack of price regulations on prescription drugs. Companies can essentially charge patients as much as they are willing to pay. On top of that, doctors are more inclined to prescribe pricier drugs due to systemic incentives.

From 1991 to 1998, prescription drugs increased in price by 2.2% per year, with some drugs becoming more than 70% more expensive. Price hikes would be justified if wages were also increasing at the same rate; however, such price increases occurred while household incomes only increased by 1% from 1990 to 2000. Due to prescription drug prices going out of control, many Americans are going into debt or skipping medical treatments altogether.

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(A) “Why Are Medications so Expensive in the US?” *Psychology Today*, Sussex Publishers, [www.psychologytoday.com/us/blog/mental-health-care-today/202402/why-are-medications-so-expensive-in-the-us](http://www.psychologytoday.com/us/blog/mental-health-care-today/202402/why-are-medications-so-expensive-in-the-us). Accessed 9 Sept. 2024.

(B) “Explaining the Growth in Prescription Drug Spending: A Review of Recent Studies.” *ASPE*, [aspe.hhs.gov/explaining-growth-prescription-drug-spending-review-recent-studies](https://aspe.hhs.gov/explaining-growth-prescription-drug-spending-review-recent-studies).

### **Possible Solutions:**

Previous policy solutions have included changes to public health insurance (Medicare) and, more recently, importing drugs at a lower cost.

When it was created in 1965, Medicare did not cover the cost of prescription drugs—mainly because they were not a large expense. However, after the surge in drug prices during the 1990s, “Part D” benefits were developed. These benefits partially covered prescription drug prices for Medicare recipients, but did not allow the federal government to negotiate these prices. Pharmaceutical companies were still able to set prices and patent the drugs they created.<sup>4</sup>

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<sup>4</sup> Joe Lustig, “Prescription Drug Pricing Policy in the U.S.: Past, Present, and Future. - Georgetown Public Policy Review,” Georgetown Public Policy Review, June 7, 2023, <https://gppreview.com/2023/06/07/prescription-drug-pricing-policy-in-the-u-s-past-present-and-future/>.

This policy changed in 2022 with the Inflation Reduction Act, which enabled the federal government to negotiate the prices of a small number of prescription drugs each year after they had been on the market for a specific number of years, depending on the type of drug. The bill also requires pharmaceutical companies to pay back part of their earnings if the price of medication increases at a rate higher than the rate of inflation, and caps out-of-pocket spending.<sup>5</sup> This bill opened up the possibility of the government negotiating drug prices, but is incredibly conservative (as in not a lot of change, not necessarily in the political sense).

Another innovative solution has been tried in Florida. In February 2024, the state got FDA approval to import a drug from Canada for a lower price. This approval was unprecedented as the FDA usually does not allow drugs to be imported other than for personal use supposedly because of a lack of FDA oversight. However, this policy reduced prices for the state rather than for individuals as individuals on Medicaid (state specific public healthcare that uses both state and federal funds) in Florida do not pay much out of pocket for prescription drugs.<sup>6</sup>

**Questions to consider:**

1. How could possible solutions improve access to high quality insurance?
2. How could possible solutions increase competition between pharmaceutical companies?
3. How can solutions change who gets to set drug prices?
  - a.
4. What are the needs of your constituents?
5. How would possible changes impact American pharmaceutical companies?
  - a.
6. How would these changes affect those on varying levels of insurance coverage?
7. Who do you receive money from?

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<sup>5</sup> Lustig, “Prescription Drug Pricing Policy in the U.S.: Past, Present, and Future. - Georgetown Public Policy Review.”

<sup>6</sup> Mark V. Pauly PhD, “Opinion | FDA Authorized Florida’s Drug Importation Plan. Naysayers Are Balking.,” *MedPage Today*, February 24, 2024, <https://www.medpagetoday.com/opinion/second-opinions/108882?trw=no>.



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