

Updated - Source Short: President Trump Signs Bills Banning Gag-clauses in Pharmacy Contracts

***Updated: October 10, 2018**

On Wednesday, October 10, President Trump signed into law both bills passed by Congress to ban gag clauses in pharmacy contracts: the Patient Right to Know Drug Prices Act ([S.2554](#)) affects employer-sponsored and individual drug plans and the Know the Lowest Price Act ([S.2553](#)) will affect Medicare Part D and Medicare Advantage plans.

Trump expects an immediate impact on drug prices and remarked at the [signing](#): “All our citizens deserve to know the lowest price available at our pharmacies, and now that’s what they’ll be getting.”

***Updated: September 27, 2018**

On Tuesday, September 25, the House voted to pass the Patient Right to Know Drug Prices Act, so the bill currently awaits President Trump’s Signature. In addition, both the House and Senate passed the Know the Lowest Price Act of 2018 ([S.2553](#)), which bans gag-clauses in Medicare Advantage or Medicare Part D plans. In a tweet on September 17, President Trump expressed his support of legislation that will remove gag clauses. As a result, gag-clauses at pharmacy counters will likely be prohibited, so pharmacists will be able to tell patients when they can save money by paying cash for their drugs.

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On Monday, September 17, the Senate overwhelmingly passed [S.2554](#), the Patient

Right to Know Drug Prices Act, with a vote of 98-2.^[1] Congress appears to be building on [the momentum of recent state action](#) to prohibit gag-clauses that prevent pharmacists from telling insured patients when the cost of their co-payment exceeds the cash price of the drug. While the Senate bill does not forbid pharmacists from collecting more than the cash price for a prescription, it does allow them to tell patients when their out-of-pocket costs using their health plan exceed the amount they would pay without using their insurance. The bipartisan support for this bill and the passage of similar legislation in 25 states in the past two years^[2] show an increasing willingness of legislators to pass consumer protection laws to prevent anticompetitive behavior by the pharmaceutical industry. Be sure to check out the [Source's Spotlight on 2018 State Drug Legislation posts](#) for more information.

^[1] The two senators voting “nay” were Senator Mike Lee (R-Utah and Senator Rand Paul (R-Kentucky)

^[2] In addition, Texas passed anti-gag clause legislation in 2012 ([SB 1076](#)).