Congressional Budget Office
Cost Estimate

July 22, 2022

H.R. 2873 would establish a statutory framework for the Federal Trade Commission to undertake litigation against manufacturers that engage in "product hopping."

Estimated Budgetary Effects of H.R. 2873, the Affordable Prescriptions for Patients Through Promoting Competition Act of 2021

As ordered reported by the House Committee on the Judiciary on September 29, 2021

	By Fiscal Year, Millions of Dollars												
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2022-2027	2022-2032
Decreases in Direct Spending													
Estimated Budget Authority	0	0	-2	-10	-25	-38	-55	-59	-78	-88	-100	-75	-455
Estimated Outlays	0	0	-2	-10	-25	-38	-55	-59	-78	-88	-100	-75	-455
Increases in Revenues													
Estimated Revenues	0	0	0	4	8	12	16	20	24	27	32	24	143
On-Budget Revenues	*0*	*0*	*0*	*3*	*6*	*9*	*12*	*15*	*18*	*20*	*23*	*18*	*106*
Off-Budget Revenues	*0*	*0*	*0*	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*9*	*6*	*37*
Net Decrease in the Deficit From Changes in Direct Spending and Revenues													
Effect on the Deficit	0	0	-2	-14	-33	-50	-71	-79	-102	-115	-132	-99	-598
On-Budget Deficit	*0*	*0*	*-2*	*-13*	*-31*	*-47*	*-67*	*-74*	*-96*	*-108*	*-123*	*-93*	*-561*
Off-Budget Deficit	*0*	*0*	*0*	*-1*	*-2*	*-3*	*-4*	*-5*	*-6*	*-7*	*-9*	*-6*	*-37*

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H.R. 2873 would define "product hopping" under the Federal Trade Commission Act and establish a statutory framework for the authority of the Federal Trade Commission (FTC) to undertake litigation against manufacturers that engage in that practice. Product hopping refers to an attempt by a brand product manufacturer to impede the availability of generic competition or to renew market exclusivity periods by reformulating a product. The bill also would allow the FTC to impose civil penalties and seek other relief in district court from parties that violate antitrust law in that area.

On the basis of an examination of past cases and discussions with stakeholders, CBO anticipates that more generic or biosimilar drugs would enter the market earlier, on average, under H.R. 2873 than would be the case under current law. This would result in lower federal spending for prescription drugs and for health insurance subsidies.

CBO has not completed an estimate of the effects of H.R. 2873 on spending subject to appropriation.

The areas of significant uncertainty for this estimate include CBO's estimates of sales, market effects, and timing of introductions of new pharmaceutical products.

H.R. 2873 contains no intergovernmental or private-sector mandates.

On June 6, 2022, CBO transmitted a cost estimate for S. 1435, the Affordable Prescriptions for Patients Act of 2021, as ordered reported by the Senate Committee on the Judiciary on July 29, 2021. Section 2 of S. 1435 is similar to H.R. 2873, and their estimated costs are the same.