

# STATEMENT



## In Opposition of Connecticut Senate Bill 1130

April 20, 2015

**Position: PhRMA respectfully opposes Connecticut SB 1130, a bill which would tax biopharmaceutical manufacturers and wholesalers of controlled substances to fund opioid abuse prevention and treatment.**

The Pharmaceutical Research and Manufacturers of America (PhRMA) represents the country's leading innovative biopharmaceutical research and biotechnology companies, which are devoted to discovering and developing medicines that enable patients to live longer, healthier, and more productive lives. In 2013, biopharmaceutical companies invested more than \$51.1 billion in the discovery and development of medicines.

Manufacturers recognize the dangers associated with drugs that are not taken as prescribed or that are abused or misused. PhRMA's members are constantly researching for new ways to address the serious problem of prescription drug abuse. To that end, abuse deterrent formulations are now available for some medicines which can prevent the crushing or liquefaction of some medicines. It is important for these medicines to be available as a tool in addressing drug abuse.

Currently, there is no precedent for taxing and diverting resources from the innovative biopharmaceutical companies that develop and manufacture drugs across a range of schedules and therapeutic areas to fund prevention and treatment of opioid abuse. SB 1130 is overbroad in its approach to a specific problem and the State should work with the FDA and local treatment facilities to determine what resources are needed to help this specific population before coming up with a pay for methodology.

Finally, with respect to state taxes, taxes on prescription drugs sold through the Medicare Part D program are prohibited under federal law. Specifically, 42 C.F.R. § 423.440 prohibits any state from charging taxes or fees on a payment the Centers for Medicare and Medicaid Services (CMS) makes on behalf of Part D plans or enrollees. This sweeping prohibition establishes a *per se* rule against certain taxes sought to be imposed by a State that may impact the actual payments made by CMS under Medicare Part D. In this case, the downstream tax on the manufacturer or wholesaler might be read to be in direct relation to a payment by CMS, since a portion of any CMS payment for a Part D drug would inure to both the wholesaler and the manufacturer as those entities' compensation for their efforts through the supply chain.

For these reasons, PhRMA respectfully urges legislators to oppose SB 1130.