

Testimony in support of prescription drug price transparency and disclosure legislation (SB 442)

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To the Public Health Committee:

My name is Jing Luo, and I am a practicing physician who trained in primary care internal medicine at Yale New-Haven Hospital and at Waterbury Hospital in Waterbury, CT. I am a faculty member at Harvard Medical School and my research interests are in prescription drug prices and pharmaceutical policy.

I write to express support for SB 442, a bill that will promote transparency in pharmaceutical pricing and may help make prescription drugs more affordable in CT.

For the vast majority of generic drugs, CT residents pay some of the lowest prices in the world. This is in large part due to generic substitution laws (such as Section 20-619 of CT General Statutes). For brand-name drugs with no generic substitutes, the reverse is true – residents in CT, and by proxy – their insurers - pay some of the highest prices in the world.

Some of these medicines are ground breaking innovations that have revolutionized the treatment of important diseases. Unfortunately, many of these medicines are “me-too” drugs that are not much better than existing treatments.

One of the challenges in my line of work is trying figure out exactly how much a drug “costs.” This is a much harder task than one would imagine because many price measures do not take into account confidential discounts or rebates.

Despite how little we know, one fact is true – both commercial insurance companies and large public payors such as Medicaid and Medicare are experiencing unprecedented increases in net spending for prescription medicines. For example, in recent years, increases in spending for expensive, specialty medicines have far outpaced increases in spending for other health services – such as hospital care or physician services.

This is problematic because commercial plans pass on these increased costs to employers and patients through higher premiums and out-of-pocket payments. Public entities respond to these budget threats by either rationing access to more expensive treatments or cutting services elsewhere.

I do not believe that CT residents will continue to tolerate rationing and cuts in health benefits today in order to preserve the profits of a pharmaceutical industry that has threatened time and time again to stop innovation should its members be rewarded more modestly. Sensible, fair and responsible reforms are urgently needed and long overdue. These reforms must target both drug manufacturers and pharmacy benefit managers. However - I believe that the first step towards reform is price transparency and accountability. That is why I am writing to support SB 442.

Thank you for your time and attention.