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**PROPOSED BILL NO. 445 AN ACT CONCERNING PHAMACEUTICAL
PRICE TRANSPARENCY AND DISCLOSURE**

Committee on Public Health

March 7, 2017

Good Morning: Representative Steinberg, Senator Gerratana, Senator Somers, Representative Srinivasan and esteemed members of the Committee on Public Health. I want to thank-you for the opportunity to provide testimony on behalf of the Connecticut Nurses' Association (CNA).

I am Mary Jane Williams Ph.D., RN current chairperson of Government Relations Committee for the Connecticut Nurses Association.

I speak in support of **PROPOSED BILL NO. 445 AN ACT CONCERNING PHAMACEUTICAL PRICE TRANSPARENCY AND DISCLOSURE.**

The rising price of Pharmaceuticals is a National Dilemma.

- Spending on prescription drugs in the United States rose by 13% in 2014¹ and 12% in 2015.²
- These increases are higher than any in the previous decade. In comparison, other hospital and physician expenditures grew by 4-5%.³
- • The United States spends more on prescription drugs per person than all other developed countries.
- Americans spend over \$1,100 per person per year on prescription drugs. The next highest country is Canada, which spends \$787 per capita.⁴

- On average, Americans pay 50 to 100% more for drugs than do people in other countries.⁵
- Specialty drugs are typically priced much higher in the United States than in other developed nations.
- Price increases, of both generic and brand-name drugs, are driving the growth in spending. Retail prices for brand-name drugs increased 130 times faster than inflation in 2015.⁷ Spending on specialty medications increased by 30.9% in 2014¹ and 21.5% in 2015.
- Generic medications account for 88% of prescriptions dispensed nationally.⁸ From 2010 to 2015, the price of 315 (22%) of generic prescription drugs paid for by Medicare increased more than 100%. Of these drugs, 15% increased by more than 500%.⁹
- Prices of some generic drugs for common conditions, such as albuterol (first launched to treat asthma in 1969) and doxycycline (an antibiotic approved by the FDA in 1967), increased by 4,000% and 8,000%, respectively, between 2013-2014.¹⁰

Pharmaceutical prices are creating a crisis for Connecticut residents.

1 in 4 people in the United States report difficulty-affording medications that they need. According to a Kaiser study, about 50% of the population reports taking prescription medications with a quarter of them reporting not filling a prescription due to cost.²⁰

- In 2013, Americans had to pay an estimated 41 billion in out of pocket costs for pharmaceutical drugs.²¹ This number has been steadily increasing due to higher deductible plans with increased copays and coinsurance.
- Consumers live in fear of high and rising prescription drug costs. In a recent Kaiser Family Foundation poll, 63% listed as a top priority, “Government action to lower prescription drug prices”.²²
- Connecticut is experiencing a budget crisis, and increases in pharmaceutical prices impact the state budget.²³
 - While overall medical costs for the health plan covering state employees and retirees rose by 2.9 percent in 2015, pharmaceutical costs rose by 20 percent.²⁴
 - CT Medicaid pays for approximately 10 million prescriptions annually.²⁵

Compliance related to Cost

It is essential to control costs, as costs increase compliance decreases. Lack of compliance is expensive related to total health care costs.

According to the Medco study, patients with diabetes and high cholesterol can save the health-care system (and employers) millions of dollars

by properly taking their medication. The study found that, although prescription drug-costs have escalated 12 percent to 16 percent annually, **the costs and risks of hospitalization far outweigh the costs of using medications as directed.** The study was based on a sample of more than 137,000 patients under the age of 65 with either diabetes, high cholesterol, hypertension or congestive heart failure. **According to Dr. Robert Epstein, co-author of the study and Medco's chief medical officer, it's one of the first studies to demonstrate the savings generated by medication compliance for these prevalent and chronic medical conditions.**

"This research hammers home the dangers and the expense of not following a treatment regimen," says Epstein. **"Increased medication compliance for chronic conditions can significantly cut medical costs and keep patients out of the hospital."**

The Medco study found the least compliant diabetes patients were more than twice as likely to be hospitalized compared to those who were most compliant, and their total health-care costs were nearly double. The study notes that people who use their diabetes medications as directed are less likely to develop the short-term and long-term health problems that can require expensive care.

For patients with diabetes, the analysis found hospitalization risks and health-care costs were lower for patients who were highly compliant with their drug therapy. Diabetes patients who are highly compliant with their treatment programs have a 13 percent hospitalization risk for a diabetes-related problem, but patients with low compliance have more than twice the risk, at 30 percent. The combined drug and medical costs for the most-compliant patients average \$4,570, which is almost 50 percent below the \$8,867 cost for the least-compliant group.

The difference among patients with cholesterol problems is not as pronounced in terms of hospitalization risk, but the difference in costs is significant because a hospital stay for a cardiovascular problem, such as a heart attack or stroke, is expensive. The hospitalization risk for the most-compliant patients is 12 percent, compared to 15 percent for the least-compliant group. However, the total health-care cost is \$3,924 for the most-compliant group, compared with \$6,888 for the least-compliant group.

The Medco study also looked at medical expenses that included cases in which patients have more than one ailment. Better compliance with drug therapy helped reduce the risk of being hospitalized for any medical condition, and it reduced the overall costs for a patient's health care. The least-compliant group of diabetics had, on average, \$16,498 in total medical and drug costs, compared with \$8,886 for the most-compliant group. Among patients with high

cholesterol, the total medical and drug costs were \$10,916 in the least-compliant group versus \$6,752 in the most-compliant category.

"The total cost of noncompliance may be as much as \$300 billion to the U.S. health-care system," Epstein says, noting that employers end up paying a hefty share of that bill.

According to Medco's Epstein, the reasons for poor medication compliance include costs, side effects, forgetfulness, or a lack of symptoms that lead employees to prematurely stop taking medications. Employees with chronic conditions that show no visible symptoms, such as high cholesterol or high blood pressure, may think they're fine and don't require medication, even as their health deteriorates.

<http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3326767/1>

It is essential to control cost of Drugs and increase compliance in an attempt to control costs. Ultimately controlling cost has the potential of decreasing overall health care expenditures on the State as well as the Federal level.

Therefore I urge you to support **PROPOSED BILL NO. 445 AN ACT CONCERNING PHAMACEUTICAL PRICE TRANSPARENCY AND DISCLOSURE.**

Thank you

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