Written Testimony of Ross B. Kristal, MD IN SUPPORT WITH REVISIONS for HB 5384
March 4th, 2018

My name is Ross Kristal, and I live in New Haven. I am an internal medicine resident physician, who serves as a primary care physician as well as a physician who cares for people admitted to the hospital. I am writing in support of the effort to contain prescription drug prices, although I have concerns about some of the bill's language as currently written.

Far too often, I take care of patients with advance disease processes that developed in part because they cannot afford their medications. I met Mr. L one year ago in my primary care clinic. Mr. L has poorly controlled diabetes and his diabetes is uncontrolled because he cannot afford to pay for the medications and supplies needed to manage his condition. Since he cannot adequately manage his blood sugar, he's been hospitalized numerous times for diabetes complications, including a heart attack and multiple bone infections requiring amputations of his toes and prolonged antibiotic courses requiring lengthy hospital stays. With all of his medical complications, he cannot hold down a steady job and since he does not have a steady job to pay for the high prescription drug prices, he cannot afford the medications needed to prevent further medical complications.

This unfortunately is not a unique story. A recent *Consumer Reports* survey found that 1 in 7 people don't fill their prescription drugs because they cost too much. This should not be surprising – according to a 2016 U.S. Government Accountability Office study, on average the cost of well-established *generic* drugs increased four times the rate of inflation. This study also found that there were over 300 instances when the price of generic drug had sudden increases of 100 percent or greater.[1] An AARP study found that an older American had an average annual retail cost of drug therapy of more than $26,000 in 2015.[2] Lowering the cost of prescription drugs is a top health care priority among Americans[3] with one survey ranking it the top domestic issue for politicians to act on.[4]

To curb unfair prescription drug costs, I support the following components of HB 5384:

- Section 1 – *I support the strong standards for pharmacy benefit managers (PBMs) transparency.* Plan sponsors sign contracts with PBMs guaranteeing certain pricing on prescription drugs and a percentage of rebates back to the plan. PBMs obtain most of their income through contracts with pharmacies and manufactures; these contracts are not disclosed with the public or plan sponsors. This lack of transparency prohibits the ability to ensure the PBM is meeting the contractual obligation to the plan sponsor. It also prohibits investigating whether manufacturer rebates to PBMs is contributing to the skyrocketing costs of prescription drugs.[5]
- Section 3 – *I support requirements for insurers to report information on the impact of prescription drug price increases on premiums and manufacturers of that drug to report factors that contributed to the increase in the cost of the drug.*

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[1] *Generic Drugs Under Medicare*. GAO-16-706. Washington: D.C. August 2016.
[2] AARP. 2016. Rx Watch Report: Trends in Retail Prices of Brand Name Prescription Drugs Widely Used by Older Americans, 2006 to 2015. http://aarp.org/content/dam/aarp/ppi/2016-12/trends-in-retail-prices-dec-2016.pdf
[3] Kaiser Family Foundation. 2017. Kaiser health tracking poll: Health care priorities for 2017. http://www.kff.org/health-costs/poll-fidning/kaiser-health-tracking-poll-health-care-priorities-for-2017.
[4] Politico. 2017. Americans' top priorities for Congress though the end of the year. https://www.politico.com/f/?id=0000015e-7bce-d079-a3fe-7bce31540000.
[5] Bai G, Sen AP, Anderson GF. Pharmaceutical Benefit Managers, Brand-Name Drug Prices, and Patient Cost Sharing. Ann Intern Med. [Epub ahead of print 13 February 2018] doi: 10.7326/M17-2506

I support the spirit of Section 4, but I cannot support it as it is written:

- The Connecticut Government has a responsibility to prevent price gouging. As written, the state would be allowed to request pricing justification from pharmaceutical companies only if the price has increased by more than 25% in one year. *This threshold should be lower and not limited to 10 prescription drugs*. I ask that the Committee look at examples from other states including California's law, SB 17.
- I also urge that the bill include language *to establish a Drug Review Board to investigate unconscionable price increases for generic and brand name drugs and authorize the Attorney General to take action against the manufacturer.* This is the Connecticut Health Care Cabinet's first recommendation to the General Assembly. The Committee should look at examples from other states including Maryland's law HB 631.

I support the spirit of Section 6, but I cannot support it as it is written:

- Most co-insurance payments are based on the listed price, rather than the negotiated price. This unfair practice is only used for prescription drugs as co-insurance for other medical services are calculated off the insurer's negotiated rate. Rather than passing along to consumers "the majority of any rebate," the bill should *require that all prices negotiated between PBMs, manufacturers and payers pass through to the consumer at point-of-sale by requiring consumer coinsurance and deductibles be based on an estimate of the negotiated price (net price after rebate) of the drug rather than the list price or price prior to rebate.*

In line with the recommendations put forth by the Connecticut Health Care Cabinet's February 2018 report, I ask the Committee to include in the bill:

- *Requirement of the manufacturers, Pharmaceutical Benefit Managers (PBMs) & health insurers to disclose to the Office of State Ethics the funding they provide to nonprofit advocacy groups, and post such information on a publicly available website.* One study found that more than 80% of patient advocacy groups take money from drug manufacturers.[6] This information should be made public to ensure lawmakers are aware of potential conflicts of interest.

I applaud the Committee for focusing on this critical issue, and I implore members of the Committee to consider stronger approaches, some of which I've outlined above, to address this problem affecting Connecticut residents.

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[6] Matthew S. McCoy, Michael Carniol, Katherine Chockley, et al. Conflicts of Interest for Patient-Advocacy Organizations. The New England Journal of Medicine. Mar 2, 2017.