

Testimony of Stacey Zimmerman on behalf of SEIU – CT State Council  
3/6/2018

Chairs, Representative Scanlon, Senator Larson and Senator Kelly and members of the Insurance and Real Estate Committee, thank you for the opportunity to testify today. My name is Stacey Zimmerman, I am here today representing the Service Employees International Union Connecticut State Council. SEIU represents 65,000 members across the state in both the public and private sectors.

SEIU is here today about H.B. 5384: AN ACT CONCERNING PRESCRIPTION DRUG COSTS. While we are generally in favor of the bill and are pleased the committee has drafted a comprehensive approach to dealing with the escalating costs of prescription drugs and price gouging. Such measures that sets strong standards for PBM transparency, including annual reporting of rebates and administrative fees (Section 1) and requiring significant reporting of prescription drug cost information by carriers to the Connecticut Insurance Department to inform the rate review process (Section 3) we believe there is some room for improvement.

Sections 3 and 4 allow the state to request justification from pharmaceutical corporations only if a drug's price has increased by more than 25% in one year. The threshold should be much lower. Here are examples to consider from other states:

- o California's law, SB 17, requires price justifications based on increases of 16% over 2 years
- o The threshold in Oregon's proposed law, HB 4005, is 10%, for any drug costing more than \$100
- The bill does not include any language about empowering the Attorney General to take action against price gouging by pharmaceutical corporations
- o HB 5384 ignores the Connecticut Healthcare Cabinet's top recommendation to the legislature is to establish a Drug Review Board to investigate potential pricing abuses and make referrals to the Attorney General to go after excessive price increases
- HB 5384 (Section 6) helps consumers with their out-of-pocket costs by passing along "the majority of any rebate". This could mean as little as 51%. Why doesn't it pass along all of the rebate? Insured patients paying co-insurance or still in their deductible period pay the discounted price their insurance company has negotiated on their behalf for doctor visits, hospital stays and other treatment. Why aren't prescription drugs treated the same way?

To summarize our position is that the initial language of H.B. 5384 is a good starting point we believe that it can be improved and are happy to work with the committee as it moves through the process.