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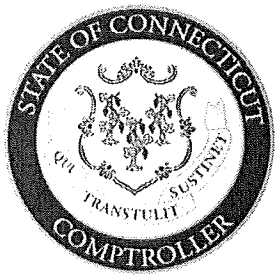

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Written Testimony
Comptroller Kevin Lembo
February 28, 2019

RAISED HB 7174 – AN ACT CONCERNING PRESCRIPTION DRUGS

Good morning Senator Lesser, Representative Scanlon, Senator Kelly, Representative Pavalock-D'Amato and members of the Insurance and Real Estate Committee.

Thank you for the opportunity to testify in support of Raised House Bill No. 7174: An Act Concerning Prescription Drugs.

Pharmacy benefit managers and drug corporations have had the upper hand on patients for decades – sometimes dictating the highest possible prices that provide upwards of 7,000-percent profits on certain drugs, knowing full well that consumers are willing to pay any price for lifesaving or life-changing treatment.

How can Connecticut, or any state across the nation, sustain an acceptable quality of life, or even economic growth, when its citizens are unable to access affordable prescription drugs or our employers cannot competitively attract a workforce by offering affordable and quality prescription drug coverage?

The answer is that we can't, and we're ready to turn the table on a backwards market. It's time for Connecticut to call the shots on what it is willing to pay – and what we're willing to pay is the best price for the best health care.

As state comptroller, I administer medical and pharmaceutical benefits on behalf of approximately 200,000 Connecticut lives, including state employees, retirees and all of their dependents. Over the last several years, our health plan has benefited from below-average cost-growth trends when compared to the broader commercial market. And while prescription drugs have continued to burden employers across the state and nation, including our state plan, we have successfully fought

for new transparency and accountability measures that will be effective in the near future. But there is more that we can do through House Bill 7174.

As administrator of the largest employer health plan in the State of Connecticut, we have the market power to do more. This legislation includes at least three key provisions:

Exert the state's purchasing power to extend discounts to all citizens. The state is in the process of negotiating a new contract to deliver pharmacy benefits through the state plan. This provides an immediate opportunity for my office to negotiate a new pharmacy contract that extends the state's discounted pricing to state residents struggling with out of pocket costs for prescription drugs. This means that any Connecticut resident can leverage the state's purchasing power by acquiring a discount card to get discounted prices on the drugs they need. Discounts could save the average resident 30 percent at the pharmacy counter on brand prescription costs. Residents without prescription drug coverage and those with high deductibles that they are unlikely to meet, stand to be the greatest beneficiaries.

Extend the state prescription plan to Connecticut private employers. The state already allows municipalities and other non-state public employers to offer state health benefits to their employees, providing access to better coverage for far less than they may be able to access on their own in the market. This legislation would allow all of Connecticut's private employers to directly contract with the state's pharmacy benefits manager to use the state's contractual terms in order to reduce their total pharmacy costs, increasing affordability for any participating employer and their workers.

Drug importation analysis. Drug costs in Canada are approximately 50-percent less than they are here in Connecticut and across the United States. This drug cost disparity is completely unjustified and unacceptable. This legislation will provide for an analysis to assess the concept of establishing a drug importation program in the State of Connecticut. The analysis would explore the potential benefits and logistics of contracting with drug wholesalers to purchase and import drugs from Canada so that the state can facilitate the availability of more affordable drugs. The concept would focus on the most necessary and costly drugs, and ensure that Connecticut is exploring all potential areas for savings.

Access to affordable prescription drugs and health care is not only one of the most basic human rights issues facing our state, but it's key to unlocking Connecticut's future economic growth and stability. This must be a priority, and so I thank the Committee, and especially its leadership, for recognizing the urgency of these issues and raising this legislation.