

Insurance and Real Estate Committee

JOINT FAVORABLE REPORT

Bill No.: SB-13

Title: AN ACT REDUCING PRESCRIPTION DRUG PRICES.

Vote Date: 3/10/2022

Vote Action: Joint Favorable Substitute

PH Date: 3/1/2022

File No.: 208

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SPONSORS OF BILL:

Request of the Governor pursuant to Joint Rule 9
Sen. Saud Anwar
Rep. Michael Winkler

REASONS FOR BILL:

This bill would limit annual increases in drug prices to no more than inflation plus two percent, enforced by a civil penalty equal to 80% of the excess revenues. Any penalties collected would fund subsidies for residents on the exchange. The purpose of this program is to slow the price increases of prescription drugs, which consistently increase faster than the rate of inflation and are often unaffordable for those insured and uninsured alike.

This bill would also allow the Department of Consumer Protection to oversee the safe importation of certain drugs from Canada. This program seeks to allow for the importation of Canadian pharmaceuticals, which are most often less expensive than and just as effective as their American counterparts, in an attempt to give consumers in Connecticut more affordable options.

Proposed Substitute Language

Change to line 49 adding a wholesale acquisition cost of equal to or greater than \$100.

RESPONSE FROM ADMINISTRATION/AGENCY:

Jonny Dach, Policy Director, Office of the Governor

The Office of the Governor **supports** this bill because many families in Connecticut struggle to afford prescription drugs. Expanding access to affordable, high-quality care requires addressing the underlying costs of that care across the healthcare sector.

Ted Doolittle, Office of the Healthcare Advocate

The Office of the Healthcare Advocate (OHA) **supports** this bill because underlying prices of care, including the prices charged for prescription drugs, are a significant barrier preventing many Connecticut families from receiving medically necessary care. The speaker stated that price containment measures are a necessary strategy to restrain the price gouging and unreasonably high prices that Connecticut consumers pay for prescription drugs. Additionally, OHA supports drug reimportation for its effects on lowering consumer costs, but admits that it is not the most effective way of managing out-of-control drug prices. OHA also urged the state to consider other approaches to address the high prices of prescription drugs and provided some examples in its testimony.

Michelle Seagull, Commissioner, Department of Consumer Protection

The Department of Consumer Protection (DCP) **supports** this bill because it would provide the tools to begin to contain the rapidly rising costs of health care in Connecticut, including growth in pharmaceutical spending, by requiring DCP to submit an application to the U.S. Department of Health and Human Services (HHS) to establish a Canadian Drug Importation Program to import safe and effective legend drugs from Canada.

Victoria Veltri, Executive Director, Office of Health Strategy

The Office of Health Strategy **supports** this bill because it helps tackle the underlying costs of at least one of the major drivers of healthcare spending and supports the Covered Connecticut program.

Kevin Kelly, Connecticut Senate Republicans

This speaker's **opposing** testimony for this bill is the Senate Republican caucus's healthcare platform.

NATURE AND SOURCES OF SUPPORT:

Ellen Andrews, Executive Director, Connecticut Health Policy Project

This speaker **supports** the bill because Connecticut residents spend more on drugs per person than all other states but New York. This bill caps price increases for the benefit of consumers, while also preserving sufficient incentives for innovation by allowing drug prices to increase at a rate 2% above the rate of increase of our overall economy without penalty.

Connecticut Association of Health Plans

This organization **supports** the bill because the current trajectory of drug prices is unsustainable. This bill invites a much-needed conversation on the cost of pharmaceuticals and how to assure they are priced appropriately.

Tarik Kardestuncer, President, CT Orthopedic Society

This speaker **supports** the bill because he and his organization have seen firsthand that too often a patient will compromise their treatment by either reducing their medication or skipping doses because they cannot afford the exorbitant costs of their prescription drugs.

Anna Doroghazi, Policy and Outreach Director, AARP Connecticut

This speaker supports Sections 5-9 of this bill, allowing for Canadian importation of pharmaceuticals, because safe and legal importation would help put downward pressure on the prices of some prescription drugs.

NATURE AND SOURCES OF OPPOSITION:

Carine Boustany, Global Head of Development Sciences, Boehringer Ingelheim

This speaker **opposes** the bill because this proposal oversimplifies the realities of an extremely complicated healthcare payment model by focusing only on the costs of prescription drugs and not addressing systemic inefficiencies and thus will not save consumers any money in reality.

Partnership for Safe Medicines

This organization **opposes** this bill because it would not provide savings for Medicare patients, Canadian stakeholders oppose importation proposals, and biologic medicine, including insulin, cannot be imported.

A number of speakers voice concerns that the proposed legislation would serve as a deterrent to the research and development of innovative prescription medicines and therapies and could potentially jeopardize patients' access to future medical advances.

Carine Boustany, Global Head of Development Sciences, Boehringer

Alexion Pharmaceuticals

Paul Pescatello, Senior Counsel and Executive Director, Connecticut Bioscience Growth Council

Ryan Kelly, PhRMA

A number of speakers voice concerns that this bill would result in a loss of jobs in the bioscience industry, particularly relating to research and development, thus harming the state's economy.

Cindy Bombard, President, Central Connecticut Chambers of Commerce

Tony Sheridan, President and CEO, Chamber of Commerce of Eastern Connecticut

Paul Pescatello, Senior Counsel and Executive Director, Connecticut Bioscience Growth Council

Ryan Kelly, PhRMA

Several speakers oppose the bill because importing drugs from Canada is neither safe, nor cost effective, and it will put Connecticut's patients at risk.

Nathan Tinker, CEO, Connecticut Pharmacists Association

Alexion Pharmaceuticals

Carine Boustany, Global Head of Development Sciences, Boehringer Ingelheim

Paul Pescatello, Senior Counsel and Executive Director, Connecticut Bioscience Growth Council

Ryan Kelly, PhRMA

A number of speakers **oppose** the bill because it targets the drug manufacturers rather than pharmacy benefit managers (PBMs), health plans, hospitals, the government, pharmacies, and others who collectively earned more in past years on branded medicines than did the companies that discovered, developed and manufactured the drugs.

John Burkhardt, Senior Vice President, Pfizer Inc.

Dawn Hocesvar, President & CEO, BioCT

Nathan Tinker, CEO, Connecticut Pharmacists Association

Anna Doroghazi, Policy and Outreach Director, AARP Connecticut

This speaker **opposes** Sections 2 and 3 of this bill because limiting annual price increases does not lower the overinflated price the pharmaceuticals currently cost, but rather merely limits how much they can go up. The speaker believes that more aggressive action is needed, such as setting limits on how much certain payors within the state, including insurance companies and state agencies, can pay for select high-cost prescription medications.

Liz Dupont-Diehl, Special Projects Coordinator, CT Citizen Action Group

This speaker **opposes** the bill and instead encourages the legislature to consider a “Prescription Drug Affordability Board, or at least utilizing upper payment limits set by other states and their boards.”

Valerie Mermall, Program Leader, Sanofi

This speaker’s testimony was a presentation explaining the corporation’s “principles and perspectives” for prescription medicine pricing.

Kelly Memphis, Director of State Government Affairs, Healthcare Distribution Alliance

This speaker **opposes** the bill because Canadian importation of prescription drugs violates federal law, increases the potential for counterfeit drugs, and is opposed to by the Canadian stakeholders.

Ryan Kelly, PhRMA

This speaker **opposes** the bill because this legislation ignores that there are meaningful policies for addressing affordability without government price setting that could reduce treatment options and assumes incorrectly that the price a patient pays is determined solely by drug manufacturers. Additionally, the speaker states that this legislation raises constitutional concerns.

Reported by: Andrew Miano

Date: March 22, 2022