Insurance and Real Estate Committee
JOINT FAVORABLE REPORT

Bill No.: HB-6830
Title: AN ACT ESTABLISHING A PRESCRIPTION DRUG AFFORDABILITY BOARD.
Vote Date: 3/16/2023
Vote Action: Joint Favorable Substitute
PH Date: 3/9/2023
File No.:

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SPONSORS OF BILL:

The Insurance and Real Estate Committee

REASONS FOR BILL:

This bill seeks to reduce the out-of-pocket costs of prescription drugs and address the continually growing share of pharmaceuticals in overall healthcare spending. The bill establishes a Prescription Drug Affordability Board (PDAB) to monitor the cost of prescription drugs in Connecticut. Eight states have created similar bodies, albeit with varying bounds on which drugs/when drugs are reviewed and varying tools for addressing prices. The PDAB created by this bill could recommend legislation to lower costs, but it is not authorized to take any direct actions.

SUBSTITUTE LANGUAGE:

Is a full revision of the bill. Rather than establishing a PDAB under the Office of Policy and Management, it establishes a Prescription Drug Affordability Advisory Council under the Health Care Cabinet of Office of Health Strategy. The purview of this body expands beyond drug pricing to include cost trends in hospitals, provider billing, and those resulting from Pharmacy Benefit Managers (PBMs). Revisions to the membership of this body are as follows: the total seats increased from 8 to 15; the 2 senior citizens seats were removed (the AARP representative still remains); 1 seat each will go to appointed representatives of the biotech, health insurance, healthcare provider, medical device, and drug manufacturing industries; 1 seat each will go to appointed representatives of a labor union, large businesses, small businesses, chambers of commerce, and a chain pharmacist; 2 seats will go to representatives of statewide advocacy organizations (one appointed by the Governor, another from the President Pro Tempore of the Senate); the Governor will make an additional appointment to represent the statewide employer community.

RESPONSE FROM ADMINISTRATION/AGENCY:

State of Connecticut, Office of the Healthcare Advocate, Healthcare Advocate, Ted Doolittle: believes that a PDAB "would begin to peel back the layers of our overly complicated and unnecessarily expensive prescription drug market." While the current bill is "a good first step" the current language "[is] not as strong as [it] should be" to garner his "enthusiastic" support. He proposes amendments to "establish a broader and more diverse PDAB membership" (e.g. affected patients, supply chain and OHA reps., small employers, etc.), vest the board with "the authority to set upper payment limits [UPLs] on particular expensive drugs," and to "adopt [UPLs] from other states or entities who may do this work in the future."

State of Connecticut, Office of Health Strategy, Executive Director, Deidre Gifford: testified that establishing a PDAB is "both administratively and fiscally intensive" and therefore she "respectfully proposes taking the time to learn best practices or avoid challenges from [other states]. . . which are still in the beginning stages of [implementing PDABs]." This may provide the "opportunity to leverage these existing efforts instead of establishing what could be a duplicative administrative body."

NATURE AND SOURCES OF SUPPORT:

AARP Connecticut, Associate State Director, Advocacy and Outreach, Anna Doroghazi: supports this bill because it is "a good first step toward ensuring that prices are reasonable, justified, and support improved consumer access and affordability." She testified that the PDAB created by this bill "does not have enough teeth to function as anything more than a cost transparency board." This could be improved if the language is added that: permits the PDAB to set UPLs; "[establishes] a price increase threshold that would trigger a review;" ensures a patient and a provider with firsthand experience sit on the board; and prohibits seating board members with conflicts of interest.

Connecticut Citizens Action Group, Associate Director, Liz Diehl: supports this bill and encourages the Committee to "go even further. . . to address the impact of [PBMs]." She noted that "the [for-profit insurers] now control more than 80% of the national PBM market and 70% of the Medicare Advantage market" and believes scrutiny coupled with "full financial transparency" of PBM/provider relationships will result in a higher share of profits being returned to consumers. She supports amending the PDAB provision to grant the board the authority to set [UPLs] "for all applicable purchasers."

Connecticut Hospital Association, Government Relations: supports the bill and testified that "the cost of prescription drugs is a critically important issue that affects the entire healthcare continuum." The Association "respectfully requests appointment to the [PDAB] to represent hospitals."

Connecticut Rare Action Network, Patient Advocate, Lesley Bennett: believes that "a PDAB may be able to identify and address prescription drugs that may create challenges," but suggests amending the bill to ensure "protections to certain vulnerable populations what have a limited number of drugs available" to treat their "life-threatening" conditions. These revisions should "provide guidelines. . .of which drugs the PDAB should review" and adjust

the makeup of the board to ensure members with "firsthand experience" are seated (e.g. those aforementioned patients, a doctor treating this population, hospital representatives).

NATURE AND SOURCES OF OPPOSITION:

Bioscience Growth Council, Sr. Counsel, Executive Director, Paul Pescatello: opposes this bill because its focus on price alone is "too narrow" with too much "vague" language. The "affordability challenge" provision fails recognize crucial factors such as "manufacturing costs. . . insurance plan design, and the size of the population served." The proper solution to this challenge is to "spread the cost equitably across public and private insurance plans" rather than mandating that manufacturers "sell a medicine below cost." The "government-imposed price controls" of the PDAB will stymie research and development, thereby threating the growing biotech/life science sector of Connecticut's economy.

Greater New Haven Chamber of Commerce, Quinnipiac Chamber of Commerce, President and CEO, Garret Sheehan: opposes this bill because it will "freeze future innovation by discouraging research and development into the hardest to treat conditions." He is concerned that this legislation will stymie the growing biotech and biopharmaceutical industry in Connecticut and deter these businesses from "further investing in our state."

National Multiple Sclerosis Society, Senior Manager of Advocacy, Laura Hoch: noted her "significant concerns" with the bill as written and urges no further action until it is amended. To make the PDAB "as effective as possible," provisions should be added to: vest "the ultimate authority to establish UPLs" with the Insurance Commissioner, authorize the board to enforce these limits, establish "guiding thresholds" to help the board "determine which drugs to review," and prohibit those with a conflict of interest from membership.

Pharmaceuticals Research and Manufactures of America, Deputy Vice President, State Policy, Kelly Ryan: opposes this bill because the PDAB "takes a very narrow view of both health care costs generally and prescription drug costs specifically." This legislation "singles out the biopharmaceutical industry and ignores the variety of stakeholders" who also impact prices. She suggests that rather than "establishing yet another entity", the state should "leverage its abundant existing data, resources, and already-convened expert panels. . . to drive more comprehensive and meaningful work toward solutions."

Connecticut Association of Health Plans, Executive Director, Sue Halpin: provided background but did not testify on the substance of the bill. Should this legislation move forward, she "respectfully [asks] that the state's health insurers be represented on the [PDAB]."

Reported by: Sean Chilson **Date: 3/28/2023**