

Human Services Committee JOINT FAVORABLE REPORT

Bill No.: SB-8

Title: AN ACT CONCERNING DRUG AFFORDABILITY.

Vote Date: 3/19/2024

Vote Action: Joint Favorable Substitute

PH Date: 3/12/2024

File No.:

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SPONSORS OF BILL:

Human Services Committee

REASONS FOR BILL:

Drug prices in the U.S. are the highest in the world causing Americans to ration medication or to choose between lifesaving medications and food or rent. Even with prescription coverage, consumers are unable to pay copayments or out-of-pocket costs, even for essential daily medications such as insulin. The US Centers for Medicare & Medicaid Services ranks Connecticut as the 4th highest in estimated per-capita expenditures on prescription drugs, costing the average person \$1,788 in 2020. Drug affordability is a top concern of Connecticut households.

The creation of a Prescription Drug Advisory Board could analyze the prescription drug system, find ways to lower costs for consumers while supporting research, and propose evidence-based measures for affordable, quality care. Requiring prescription coverage to include the most affordable insulin and increasing market competition through a Canadian drug importation program would decrease costs. Hospitals could be required to develop a drug shortage mitigation plan, to include provisions in their supplier contracts that mandate access to a six-month supply of their most vital medications. These measures would place Connecticut at the forefront of the nation's efforts to make prescriptions more affordable.

SUBSTITUTE LANGUAGE:

The substitute language expands state health plan insulin requirement to offer lower-cost insulin without co-pay to all insurers, and drug-purchasing agencies regulated by the state. It inserts language prohibiting discrimination by drug manufacturers and others against FQHC 340B pharmacies. Lastly, it makes clarifying technical, conforming changes throughout the bill.

RESPONSE FROM ADMINISTRATION/AGENCY:

Commission on Women, Children, Seniors, Equity, and Opportunity, Lead Aging Policy Analyst, Michael Werner; supports Section 10 and Section 11 of the bill, but requests the inclusion of representation from gerontology experts in higher education institutions for the Prescription Drug Affordability Board

Department of Consumer Protection, Commissioner, Bryan Cafferelli; is supportive of the intent but states that the Department would need additional resources to address the administrative burden of enforcement against a wholesaler's credential. It is stated that following a written order from the Office of Health Strategy, the Department would need to hold an administrative hearing to suspend, revoke, or impose a fine on a wholesaler's license to deter future violations by the wholesaler. It is also stated that the cost of planning and implementing a Canadian prescription drug importation program is anticipated to require resources to meet FDA requirements for this type of new program and submit to the FDA a pre-import request for each drug sought for importation.

Department of Mental Health and Addiction Services (DMHAS), Commissioner, Nancy Navarretta; takes no position on the bill stating that Section 18 will identify the agency as a 'drug purchasing agency'. It is stated that DMHAS currently contracts with a large prescription drug group purchasing organization for government facilities, but, because the agency runs psychiatric hospitals or other residential treatment facilities that have more than 16 beds it is ineligible for certain Medicaid reimbursement. It is stated that DMHAS is currently exploring how this Medicaid exclusion may impact DMHAS' ability to have its contractors participate in the federal 340B program as the bill requires, or the applicability of injectable drug shortages to the population they serve.

Department of Social Services (DSS), Commissioner, Andrea Barton Reeves; supports efforts to improve the affordability of and access to medically necessary drugs for Medicaid members; however, DSS is concerned that this bill, as written, without significant time and opportunity for study before any statutory adoption, may have significant unintended consequences. It is stated that there are potential issues in Sections 2, 3, 4, and 18 of the bill in their testimony.

Office of Health Strategy, Executive Director, Deidre Gifford; is supportive of the intent, however, the proposal goes beyond what is supported within the Governor's budget. It is stated that this legislation would place an unfunded responsibility on their agency as there are additional responsibilities for the PDAB, a separate stakeholder group, and requires OHS to oversee a Canadian drug importation program. In addition to budgetary and resource concerns regarding these additional responsibilities, the regulatory authority for drug importation and distribution is outside of the scope of OHS' authority. It is suggested that any such responsibilities fall with the Connecticut Department of Consumer Protection.

Office of the State Comptroller, State Comptroller, Sean Scanlon; supports this bill stating that establishing a Prescription Drug Affordability Advisory Board will leverage the state's brightest minds to explore new ways to save residents on prescription drug costs. It is also stated that the commonsense provision in this bill requires our hospitals and state

agencies to develop drug shortage strategies. It is also stated they are supportive of the continued efforts to establish a Canadian drug import program in Connecticut.

NATURE AND SOURCES OF SUPPORT:

Connecticut General Assembly, President Pro Tempore, Senator Martin Looney; supports this bill sharing that a 2022 study by Healthcare Value Hub found that 28% of respondents reporting a household income below \$50,000 had rationed medication in the past year due to cost. Furthermore, the U.S. Centers for Medicare & Medicaid Services ranks Connecticut the 4th highest in estimated per-capita expenditures on prescription drugs, costing the average person \$1,788 in 2020. It is stated that this is a wholly unacceptable reality in one of the richest states in the nation and access to affordable, high-quality prescription drugs is an essential aspect to one's health and society overall.

Connecticut General Assembly, Senate Democrat Caucus; supports this bill stating that healthcare costs are high due to costs and availability of prescription drugs. It is stated that drug affordability is a top concern of households. It is stated the components of this legislation will lower the cost of vital medication and ensure those savings are passed along to the consumer. It is expressed that good health is the cornerstone of a robust and happy life, and access to affordable, high-quality prescription drugs is a vital component of maintaining one's health.

AARP Connecticut, State Director, Nora Duncan; supports this bill and the safe importation of prescription drugs from licensed pharmacies and wholesalers operating in Canada and other countries with safety regulations as strong as those in the United States. It is stated that most prescription drugs available in the United States were manufactured elsewhere and U.S. Consumers are already accessing foreign drug markets. It is also stated that the Canadian importation program proposed in these bills varies significantly from past state importation programs and includes additional safety measures. They add that they support the PDAB proposal included in SB 8.

Civica Foundation, Senior Vice President, Public Policy & President, Allan Coukell; supports this bill stating that the drug shortage prevention section will act as an 'insurance policy' and will reduce drug shortages which will give residents the access they need. It is stated that the section on insulin will ensure coverage of the lowest net cost and would ensure that beneficiaries on the state employee health plan will not face a copayment or out of pocket cost.

Community Health Center Association of Connecticut, Chief Strategy Officer, Deb Polun; supports this bill stating that while the measures included in the bill will help provide affordability and access to prescription medications, CHC/ACT respectfully recommends adding language to protect and strengthen the 340B program in Connecticut. Specifically, to help protect access to deeply discounted 340B prices for uninsured and underinsured patients, CHC/ACT strongly recommends that Connecticut prohibit contract pharmacy restrictions in the 340B program. They have attached suggested language to this testimony.

Connecticut Institute For Communities, CEO, Katherine Curran; supports this bill but respectfully recommends adding language to protect and strengthen the 340B program in Connecticut by protecting access to deeply discounted 340B prices for uninsured and

underinsured patients. It is stated that CIFIC Health strongly recommends that Connecticut prohibit contract pharmacy restrictions in the 340B program. They have suggested language is included in their testimony.

StayWell Health Center, President & CEO, Donald Thompson: supports this bill but recommends some additions in order to strengthen the bill by protecting patients' access to low-cost prescription drugs. They attached a list of suggested language in their testimony.

The following people have submitted written testimony in support of the bill:

Connecticut Citizen Action Group, Associate Director, Liz Dupont-Diehl

Cornell Scott-Hill Health Corporation, CEO, Michael R. Taylor

Insulin4All, Deepika Baskar

Insulin4All, Policy Lead, Campell Mitchell

Masters Candidate at Yale, Athena Sofides

Resident of CT, Cooper Westerkamp

Resident of CT, Eli T

Resident of CT, Liveth Flores-Parra

Resident of CT, Maria Mauriello

T1 International Federal Working Group, Co-Lead, Kristen Whitney Daniels

NATURE AND SOURCES OF OPPOSITION:

ADAP Advocacy Association, CEO, Brandon Macsata

Community Access National Network, President & CEO, Jen Laws; submitted joint testimony in opposition of the bill. It is stated they support efforts to increase the affordability of and access to prescription medications for patients, but they believe that this legislation will not result in net savings, either for the state of Connecticut or for patients living or purchasing medications in the state. It is stated that it will in fact increase the risk that patients will encounter ineffective, counterfeit, or deadly medications in Connecticut's legitimate drug supply chain.

Biotechnology Innovation Organization, Director, Stephen Burm; opposes this bill stating that this legislation does not address the root cause of the problems affecting patients, such as lowering out-of-pocket costs. It is expressed that imposing government price controls like those proposed by this legislation will jeopardize patient access to innovative biopharmaceuticals. It is emphasized that this bill will not lower prescription drug costs for patients because it does not address out-of-pocket costs. It is stated that the premise that establishing upper limits does not impose price controls is a false narrative. It is expressed that wholesale drug importation from Canada and other countries would restrict patient access to innovative biopharmaceutical products and severely compromise the safety of the U.S. biopharmaceutical supply chain for minimal gains.

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

Pescatello; opposes this bill stating it is based on a misunderstanding of what fuels healthcare cost inflation. It is stated that the solutions proposed would undermine life sciences and new medicine innovation. It is also stated that it would lead to higher, not lower, healthcare costs. It is stated this legislation would harm patients by ultimately limiting their access to innovative medicines and harm the Connecticut economy by undermining the

biotech sector they have worked so hard to build. Several reasons are cited in their testimony.

Hartford Hospital, Director of Pharmacy, Christina Hatfield; opposes this bill stating they are concerned with the methods to address these major issues proposed will decrease the quality of medications supplied to patients in the state while potentially increasing drug shortages of critical medications and potentially the cost of select medications due to associated administrative burden. It is stated that The Prescription Drug Affordability Board appears to be a great avenue to explore potential options that can positively impact patients in the state of Connecticut. It is expressed that the variety of subject matter experts on the Stakeholder Council appears to be very comprehensive. It is stated by recommending considering a similar structure for the management of drug shortages within the state.

Partnership for Safe Medicines, Executive Director, Shabbir Imber Safdar; opposes this bill stating that the Canadian drug importation is unworkable and unsafe. It is stated that it has never been successfully implemented. It is stated that not a single unit of medicine has been imported by Florida, Colorado, or any other state that has claims to have a state bulk importation program. It is expressed that passing this legislation and implementing a plan will either result in wasted tax dollars or encourage counterfeit medicine incidents in the plan. It is also stated that the proposed upper payment limit (UPL) of a Prescription Drug Affordability Board (PDAB) will have dire unintended consequences for patients.

Pfizer, Groton Labs, Site Head, Raja Mangipudy; opposes this bill stating the intention of this bill is to establish a framework for the government to eventually set drug prices. It is stated that this could limit the prescription options available to Connecticut residents and may have long-term, harmful effects on innovation and the development of new, life-saving therapies. It is expressed that regulating drug prices in-state could potentially lead to a shortage of or limit access to medicines for patients. It is stated that by disincentivizing the development of innovative treatments, this legislation could threaten the positive effect that the biopharmaceutical industry has on patients and Connecticut's economy. It is also stated that the importation section of the bill may compromise safety and they do not believe it will lower the cost to patients at the pharmacy counter.

Rare Disease Advisory Council, Patient Advocate, Lesley Bennett; opposes this bill stating they are concerned about the composition of the 5-member PDAB and the exclusion of patients with real-life experience using the prescription medications needed to manage chronic illnesses. It is stated they have concerns pertaining to Section 11 as members of the Stakeholder Council really do not have a voice or vote in the decisions made by the PDAB. It is recommended that the legislation be amended to expand the PDAB membership to include one patient or patient advocate and one prescribing, practicing physician with real-life experience with medications used to treat rare or chronic illnesses and an understanding of drug pricing; or include a member of the Stakeholder Council as a voting member of the PDAB. It is stated that patients must have a voice in all committees, boards, or councils in our state making decisions or recommendations on strategies to control prescription drug costs.

The following people have submitted written testimony in opposition to this bill:

BioCT, President & CEO, Jodie Gillon
Bonnell Foundation, Founder, Laura Bonnell

[Boomer Esiason Foundation, Meredith Marden](#)
[Certified Pharmacy Technician, Evangeline Sargent](#)
[Connecticut Oncology Association, Executive Director, Dawn Holcombe](#)
[Connecticut Pharmacists Association, CEO, Nathan Tinker](#)
[Greater New Haven and Quinnipiac Chambers of Commerce, President & CEO, Garrett Sheehan](#)
[Hartford Cystic Fibrosis Fund, Jason Reid](#)
[Healthcare Distribution Alliance, Director, State Government Affairs, Kelly Memphis](#)
[PhRMA, Deputy Vice President, Kelly Ryan](#)

NATURE AND SOURCES OF GENERAL COMMENTS:

[Connecticut Hospital Association](#); neither supports or opposes this bill. It is stated that CHA recognizes the crisis in the drug supply chain that impacts patients, but as a national problem it must be solved on a national level. Additional comments are provided:

- Section 11 creates a Prescription Drug Affordability Stakeholder Council. CHA supports the creation of the Council but urges the Committee to amend the membership to include a representative of hospitals.
- Section 18 addresses the issues of drug shortages, but as currently drafted, the requirements may be unachievable and would likely add cost, not reduce it. CHA recommends that the Committee delete Section 18.
- Subsection (b) of Section 10 should be amended to add a new purpose to the Prescription Drug Affordability Board as follows:
 - “(7) Explore strategies to address the drug shortages and ways in which the state ensures the consistent availability of drugs on the drug shortage list”

[Cystic Fibrosis Foundation, State Policy Specialist, Amanda Attiya](#); provides general comments on the bill. It is stated that they are concerned that the Prescription Drug Affordability Boards (PDAB) may be working towards two goals: reducing drug costs for the state of Connecticut and reducing drug costs for consumers. It is suggested that the PDAB should have the option to determine whether setting an upper payment limit is appropriate or whether another course of action is more prudent, should have a stakeholder engagement process, a diverse board, and there should be overall transparency pertaining to the process. Lastly, it is suggested that the legislation be amended to include PDABs to consider orphan drug status as a criterion when the Board selects drugs for affordability review, conducts affordability analyses, and determines whether to set an upper payment limit.

Reported by: Ashley Orser

Date: March 28, 2024