



# Pharma in Your Backyard: State Efforts to Address High and Rising Drug prices



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Affordable Medicines Now

Claire McAndrew

Director, Campaigns and Partnerships

[www.familiesusa.org](http://www.familiesusa.org)

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# Introduction

- **Claire McAndrew-** Director of Campaigns and Partnerships, Families USA
- **Bobbette Bond-** Director of Public Policy, UNITE HERE Health, Nevada
- **Vinny Demarco,** President, Maryland Citizens' Health Care Initiative
- **Representative Will Guzzardi,** Illinois House of Representatives 39<sup>th</sup> District

# Families USA's Mission and Focus Areas

Families USA, a leading national voice for health care consumers, is dedicated to the achievement of high-quality, affordable health care and improved health for all.

We advance our mission through public policy analysis, advocacy, and collaboration with partners to promote a patient-and community centered health system.

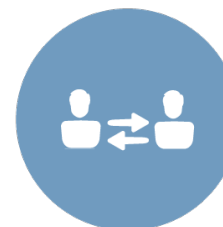
Working at the national, state and community level for over 35 years



COVERAGE



HEALTH EQUITY



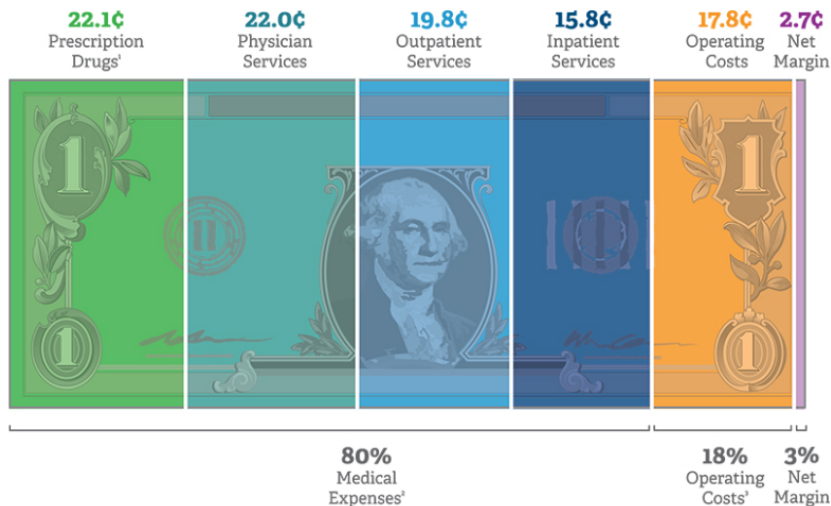
CONSUMER  
ENGAGEMENT



HEALTH CARE  
VALUE

# Consumers Bear the Cost

- One in four people who take prescription drugs have difficulty affording them
- One in eight report that they or a family member have cut pills in half or skipped doses due to high drug costs
- Health plans attribute 22 percent of premium costs to prescription drugs



Data: America's Health Insurance Plans, *Where Does Your Premium Dollar Go?* (AHIP Center for Policy and Research, March 2, 2017).

# Venues for Reform

## Federal

- Can achieve a broader scope, fewer limitations in what policies can achieve
- Can provide relief and protection to people across the the entire country at once

## State

- May achieve enactment faster than at federal level
- Can set a positive example for the federal government and urge them to take broader actions by enacting state policy

# Current Climate

- Prescription drug spending is of concern to policymakers in both parties
- Coming to consensus on specific solutions may be easier said than done
- Federal actions
  - Trump administration has released a prescription drug cost blueprint- a few good elements but overall does NOT solve the problem
  - Numerous bills introduced in Congress, only a few bipartisan
- State actions
  - States leading the way in passing reforms using various mechanisms to address drug prices

# State Mechanisms for Addressing Rx Prices

Transparency

Pharmacy Benefit  
Managers

Anti-Price Gouging

Rate Setting

# Transparency

**Goal:** Make large drug price increases understandable to public and private insurers and other payers, and ultimately the public

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# Transparency

- **State examples**

- **CA (SB-17, 2017):** 60-days advance notice required for drugs that cost more than \$40 for 30-day supply and that also increase in price more than 16% over two years. Manufacturer must report rationale for increase, improvements made to drug, and more.
- **OR (HB 4005, 2018):** For drugs that cost \$100 or more for one month's supply and that also increase in price more than 10% in one year, manufacturer must report production, marketing, research costs.

# Pharmacy Benefit Manager Protections

**Goal:** Ensuring PBMs are not driving up prices in their role “middlemen” between pharma companies and health plans/ pharmacies

# Pharmacy Benefit Manager Protections

- **State examples**

- **OH (2018)** Insurance department bulletin 2018-02 orders 1) insurers and PBMs to cease enforcement of gag orders preventing pharmacists from informing consumers of lowest drug prices available and 2) prohibits health insurers and PBMs from charging consumers more for drugs than what they would cost without insurance.

- **Laws enacted in 2018 or 2017 (via NCSL)**

- AZ, AR, CO, CT, FL, GA, IN, KS, KY, LA, ME, MD, MS, NC, ND, SD, TX, UT, VA, WV

# Anti-Price Gouging

**Goal:** Prevent drastic price increases for generic drugs and drugs that have been on the market a long time (“off-patent drugs”)

# Rate Setting

**Goal:** Place a ceiling on how much all payers in a state will pay for certain expensive drugs to directly reign in prices.

# Key Takeaways

There are a menu of options for how to take action on prescription drug prices at the state level

States can start with intensive action or build up to reigning in prices with incremental steps

Momentum to address drug prices at the state level is strong and in many states bills garner bipartisan votes

State action can put pressure on federal government to take action

Federal opportunities are likely to increase over time

# Contact

**Claire McAndrew**

[cmcandrew@familiesusa.org](mailto:cmcandrew@familiesusa.org)

**@claire\_mcandrew**

[www.familiesusa.org](http://www.familiesusa.org)