



HB 5384: AN ACT CONCERNING PRESCRIPTION DRUG COSTS

STOP SKYROCKETING DRUG PRICES!

Fair and affordable drug prices are crucial to preserve and protect our health.

We need prices that are affordable to Connecticut's working families, not outrageous drug prices set to maximize profits for pharmaceutical corporations, pharmacy benefit managers (PBMs) and insurance companies.

WE SUPPORT THESE SECTIONS OF HB 5384

- Sets strong standards for PBM transparency, including annual reporting of rebates and administrative fees (Section 1)
- Requires significant reporting of prescription drug cost information by carriers to the Connecticut Insurance Department to inform the rate review process (Section 3)

THESE SECTIONS OF HB 5384 MUST BE STRENGTHENED

- Sections 3 and 4 allow the state to request justification from pharmaceutical corporations only if a drug's price has increased by more than 25% in one year. **The threshold should be much lower.** Here are examples to consider from other states:
 - California's law, SB 17, requires price justifications based on increases of 16% over 2 years
 - The threshold in Oregon's proposed law, HB 4005, is 10%, for any drug costing more than \$100
- The bill does not include any language about empowering the Attorney General to take action against price gouging by pharmaceutical corporations
 - HB 5384 ignores the Connecticut Healthcare Cabinet's top recommendation to the legislature is to establish a Drug Review Board to investigate potential pricing abuses and make referrals to the Attorney General to go after excessive price increases
- HB 5384 (Section 6) helps consumers with their out-of-pocket costs by passing along "the majority of any rebate". This could mean as little as 51%. Why doesn't it pass along all of the rebate? Insured patients paying co-insurance or still in their deductible period pay the discounted price their insurance company has negotiated on their behalf for doctor visits, hospital stays and other treatment. Why aren't prescription drugs treated the same way?

BACKGROUND

Problem

Skyrocketing prescription drug prices are hurting people's health and their financial security.

- Prescription drug spending is growing faster than any other part of the health care system.
- Examples of outrageous price increases are everywhere, including: EpiPen, Albuterol, Naloxone, Insulin, Multiple Sclerosis medications.

This problem affects everyone:

- More and more people are choosing between lifesaving drugs or putting food on the table.
- Health insurance premiums for employers and individuals are rising due to high prescription drug prices and insurers are shifting more and more of the cost onto patients in the form of high deductibles, co-pays and co-insurance.
- State and local budgets are being squeezed.

Pharmaceutical Corporations

- The problem of high and outrageous drug prices begins with pharmaceutical corporations that are permitted to set prices based on maximizing profits.
- Corporations threaten that innovation will be compromised if their double-digit price increases are slowed down, yet they spend far more on marketing, lobbying and executive compensation than they do on research and development.

PBMs and Health Insurance Companies

- Pharmacy Benefit Managers (PBMs) negotiate prices between drug makers and insurance companies. These middlemen keep their pricing agreements and fee structures secret and it's unknown how much of the discounts ever reach patients.
- Insurance companies keep raising deductibles and are increasingly forcing people to pay a percentage (co-insurance) rather than a flat co-pay. Patients are paying based on the list price, not the negotiated price and insurance companies are pocketing the difference.

Stop Skyrocketing Drug Prices

We need to change the rules so pharmaceutical corporations, PBMs and insurance companies stop padding their profits with our hard-earned dollars.

- Polls show that people want action on controlling prescription drug prices.
- Polls show that there is strong bipartisan support for states to take action to restrain prescription drug prices.
- SB 445 passed last year in Connecticut with strong bipartisan support and bills in Maryland, Nevada and California also had bipartisan support.