P. MICHAEL STURLA, CHAIRMAN
414 MAIN CAPITOL BUILDING
P.O. BOX 202096
HARRISBURG, PENNSYLVANIA 17120-2096
(717) 787-3555
FAX: (717) 705-1923

HOUSE DEMOCRATIC POLICY COMMITTEE
WEBSITE: www.pahouse.com/policycommittee
EMAIL: policy@pahouse.net
@PADemPolicy

House of Representatives
COMMONWEALTH OF PENNSYLVANIA

HOUSE DEMOCRATIC POLICY COMMITTEE ROUNDTABLE

Topic: What Drives Pharmaceutical Costs?

Comfort Inn Conference Center – Pittsburgh, PA

May 3, 2019

AGENDA

10:00 a.m. Welcome and Opening Remarks

10:10 a.m. Panelists:

- Corey DeLuca
  Director of Clinical Pharmacy Services, Highmark, Inc.
- Lauren Rowley
  Vice President of State Affairs, Pharmaceutical Care Management Association
- Erin Ninehouser
  Director of Campaigns & Consumer Engagement, PA Health Access Network
- Ashlie VanMeter
  Senior Director of State Government Affairs, Association of Accessible Medicines
- Pat Lavella, RPh.
  Manager of Strategic Pharmacy Initiatives, Value Drug Company
- Dr. Adele Towers
  President, Allegheny County Medical Society
- Jessica Brooks
  CEO, Pittsburgh Business Group on Health

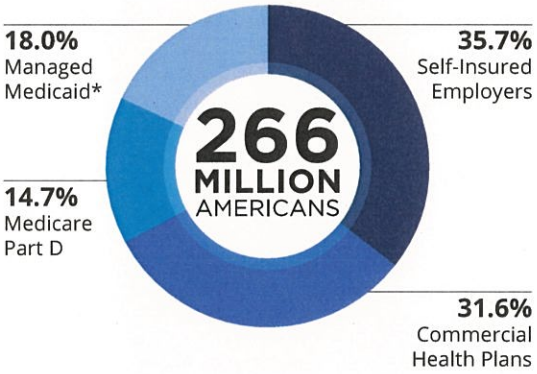
11:30 a.m. Closing Remarks

ABOUT PCMA

The Pharmaceutical Care Management Association (PCMA) is the national association representing America's pharmacy benefit managers (PBMs). PBMs administer prescription drug plans for more than 266 million Americans who have health coverage from a variety of sponsors. PCMA continues to lead the effort in promoting PBMs and the proven tools they utilize, which are recognized by consumers, employers, policymakers, and others as key drivers in lowering prescription drug costs, increasing access, and improving outcomes.

PBMs serve consumers across plan types

Americans With Drug Benefits Managed by PBMs, by Type of Coverage



* Excludes "Medicare/Medicaid Dual Eligibles" where drugs are covered by Medicare Part D

How PBMs reduce drug costs

- Encouraging the use of generics and affordable brand medications
- Reducing waste and increasing adherence to improve health outcomes
- Offering home delivery of medications and creating networks of affordable and high quality pharmacies
- Negotiating rebates from drug manufacturers and discounts from drugstores
- Managing high-cost specialty medications

PBMs promote pharmacy access

PBMs work with health plans, employers, and government programs to ensure that their members and employees have access to necessary medications through a variety of pharmacies, including retail, community, mail order, and specialty pharmacies.

PBM savings

PBMs are projected to save employers, unions, government programs, and consumers $654 billion — up to 30 percent — on drug benefit costs over the next decade, according to research from Visante.

$654 BILLION SAVINGS

Source: Visante, estimates prepared for PCMA. (2016).

PCMA MEMBERS

CastiaRx
Cigna
CVSHealth
envolve Pharmacy Solutions
Humana Pharmacy Solutions
MagellanRx MANAGEMENT
MAXORplus
MedImpact
meridianRx
OPTUMRx
PERFORMRx Next Generation Pharmacy Benefits
PRIME THERAPEUTICS
RXSENSE
SERVE YOU Rx
WellDyneRx

PBMs Provide Cost Savings and Clinical Support to Pennsylvanians

Pharmacy Benefit Managers (PBMs) provide prescription drug benefits to Pennsylvanians through large employers, health insurers, labor unions, and government-sponsored plans. As drug costs continue to rise and treatments become more complex, plan sponsors increasingly rely on PBMs to find cost-saving solutions that both increase patient access and improve health outcomes.

PBMs Reduce Drug Costs

- Between 2016 and 2025, PBMs are positioned to save the Commonwealth $28.45 billion:
  - $1.6 billion in Pennsylvania Medicaid;
  - $14.3 billion in Commercial Insurance; and
  - $12.5 billion in Medicare Part D.[1]
- Payers faced brand drug price increases of 110% between 2012 and 2016.[2] Where PBMs were used, net spending on prescription drugs *declined* by 2.1% in 2017. Where PBMs were not widely used, like hospitals and clinics, drug spending grew by 5.9%.[3]
- For every $1 spent on PBM services, PBMs reduce costs by $6. PBMs save payers and patients $941 per person, per year, or 40-50% on their pharmacy benefits and related medical costs.[4]
- PBMs reduce costs by:
  - Encouraging the use of generics and affordable brand medications;
  - Reducing waste while increasing adherence to drug regimens;
  - Creating networks of high-quality pharmacies, including offering home delivery of medications and access to high-value specialty pharmacies, saving Pennsylvania consumers, employers and other payers $14.88 billion over 10 years;[5]
  - Negotiating price concessions from manufacturers and discounts from drugstores; and
  - Providing clinical support services to patients who are taking specialty medications.

PBMs Positively Impact Patient Outcomes

- Many patients use more than one pharmacy. PBMs spot problems like dangerous drug interactions. Over a 10-year period, PBMs are expected to prevent 1 billion medication errors.[6]
- PBMs increase patient adherence to prescription drug regimens, notably for diabetes and MS.[7]
- PBMs manage a variety of patient and provider-focused education and utilization management programs aimed at helping curb the opioid epidemic.

---

[1] Visante "Pharmacy Benefit Managers (PBMs): Generating Savings for Plan Sponsors and Consumers" 2016, available at: https://www.pcmanet.org/wp-content/uploads/2016/08/visante-pbm-savings-feb-2016.pdf.
[2] Health Care Cost Institute, 2016 Health Care Cost and Utilization Report (January 2018).
[3] IQVIA Institute, Medicine Use and Spending in the U.S.: A Review of 2017 and Outlook to 2022 (April 2018).
[4] Visante, The Return on Investment (ROI) on PBM Services (November 2016), comparing a managed benefit using PBM tools vs. an unmanaged benefit.
[5] Visante, analysis of savings due to the use of specialty and mail service pharmacies, prepared for PCMA. (September 2014), available at https://spcma.org/wp-content/uploads/2015/11/Visante_PCMA_Mail_and_Specialty_Savings.pdf.
[6] Visante estimates based on IMS Health data and DUR program studies.
[7] Visante estimates based on CDC National Diabetes Statistics Report 2014 and studies demonstrating improved adherence by 10+%.

Just the Facts: A PBM-Pharmacy Snapshot

Pharmacy Benefit Managers (PBMs) work with pharmacies across the country to provide prescription drug benefits to more than 266 million Americans with health coverage through large employers, health insurers, labor unions, and federal and state-sponsored plans.

PBMs Help Reduce Drug Costs

PBMs work to keep drug costs down for consumers, increase access, and improve outcomes. Between 2016 and 2025, PBMs are positioned to save the Commonwealth of Pennsylvania $28.45 billion amongst the state Medicaid program ($1.5 billion), Medicare Part D ($12.5 billion), and Commercial Insurance ($14.3 billion)[1]. PBMs reduce costs by:

- Encouraging the use of generics and affordable brand medications;
- Reducing waste while increasing adherence to improve health outcomes;
- Creating networks of affordable, high-quality pharmacies, including offering home delivery of medications and access to high-value specialty pharmacies, which will save Pennsylvania consumers, employers and other payers $14.88 billion over 10 years[2];
- Negotiating price concessions from manufacturers and discounts from drugstores; and
- Providing clinical support services to patients who are taking specialty medications.

The Independent Pharmacy Industry in Pennsylvania Is Strong

- As of January 2018, independent pharmacies comprised 38% of the pharmacy market in Pennsylvania, **one of the highest market concentrations in the region**[3].
- Between 2010 and 2017, the number of independent retail pharmacies in Pennsylvania grew from 932 to 1,077, **an increase of 15.5%.** Nationally, the number of independents grew 12% over the same period. During this same time period, the number of chain retail pharmacies has decreased 2.3%.[4]
- According National Community Pharmacists Association data, over the past decade, gross profits have held steady at around 23%[5].

---

[1] Visante "Pharmacy Benefit Managers (PBMs): Generating Savings for Plan Sponsors and Consumers" 2016, available at: https://www.pcmanet.org/wp-content/uploads/2016/08/visante-pbm-savings-feb-2016.pdf.
[2] Visante, analysis of savings due to the use of specialty and mail service pharmacies, prepared for PCMA. (September 2014), available at https://spcma.org/wp-content/uploads/2015/11/Visante_PCMA_Mail_and_Specialty_Savings.pdf.
[3] NCPA 2017 Digest, http://www.ncpanet.org/newsroom/news-releases/2015/10/13/ncpa-digest-adherence-diversified-revenue-critical-for-community-pharmacies. "Region" includes Delaware (18.4%), District of Columbia (31.6%), Maryland (33.5%), (Virginia (23.4%), and West Virginia (42.9%).
[4] Quest Analytics analysis of NCPDP dataQ data, 2017.
[5] NCPA Digest.

Independent Pharmacies Have Significant Bargaining Clout

Independent pharmacies are not just mom-and-pop neighborhood businesses—they garner significant bargaining clout in negotiations with health plans and PBMs by hiring powerful pharmacy services administrative organizations (PSAOs).

- PSAOs represent 80% of independent pharmacies in the U.S.;[6]
- PSAOs represented or provided other services to as many as 28,000 pharmacies in 2012[7];
- Individual PSAOs contract on behalf of as many as 5,000 pharmacies at one time;[8]
- They negotiate and contract with third-party payers on behalf of independent pharmacies, negotiating reimbursement rates, payment, and audit terms;
- They provide access to pooled purchasing power, negotiating leverage, and contracting strategies similar to those of large, multi-location chain pharmacy corporations;
- They provide inventory and back-office functions to improve pharmacy business efficiency; and
- PSAOs enable rural pharmacies to negotiate contract terms as effectively as pharmacies operating in urban areas with many competitors.

PBMs are regulated across the country, including Pennsylvania

- In 2016, the Pennsylvania General Assembly passed HB 946, which was sweeping PBM legislation that included:
  - PBM registration with the Pennsylvania Department of Insurance;
  - Restrictions on PBM audits of pharmacy activities; and
  - Rules around the use of Maximum Allowable Cost reimbursements.
- About half of the states in the US have enacted prohibitions on gag clauses in pharmacy contracts. **PCMA supports the patient paying the lowest possible price for their prescription drugs, and supported PA HB 2211 during the 2018 legislative session, which prohibits gag orders in PBM-pharmacy contracts**

---

[6] GAO, The Number, Role, and Ownership of Pharmacy Services Administrative Organizations. (January 2013). http://www.gao.gov/assets/660/651631.pdf.

[7] Id.

[8] Id.

PCMA

Just the Facts: Rx Prices, PBMs, and Pharmacies in PA

PBMs reduce Rx drug costs for consumers, increase access, and improve outcomes: PBMs are positioned to save the Commonwealth $28.45 billion over ten years by encouraging the use of generic and lower cost brand drugs; reducing waste and increasing adherence; negotiating price concessions with drug manufacturers; creating networks of affordable, high quality pharmacies; and providing clinical support to patients taking specialty medications.

Drug makers alone set the price of drugs: Although PBMs negotiate with drugmakers to bring down the net cost of Rx drugs, manufacturers are ultimately responsible for setting the list prices of their products. PBMs drive prices down by forcing manufacturers to compete with one another for formulary placement, but this happens only when there are competing drugs in the marketplace.

Rebates are a key tool in reducing net costs and increasing access: The impact of rebates was seen most notably when drugs to cure hepatitis C gained competition. With list prices around $85,000, when multiple drugs in the class were introduced, PBMs were able to harness competition and force manufactures to offer price concessions of up to 40%. Price concessions also have a positive impact on access. When cholesterol drugs PCSK9 inhibitors were introduced, list prices of $13,000 made coverage for most payers cost prohibitive. When rebates went higher and net cost reduced to around $7,000, payers could afford to cover the drugs, providing access to hundreds of thousands of patients.

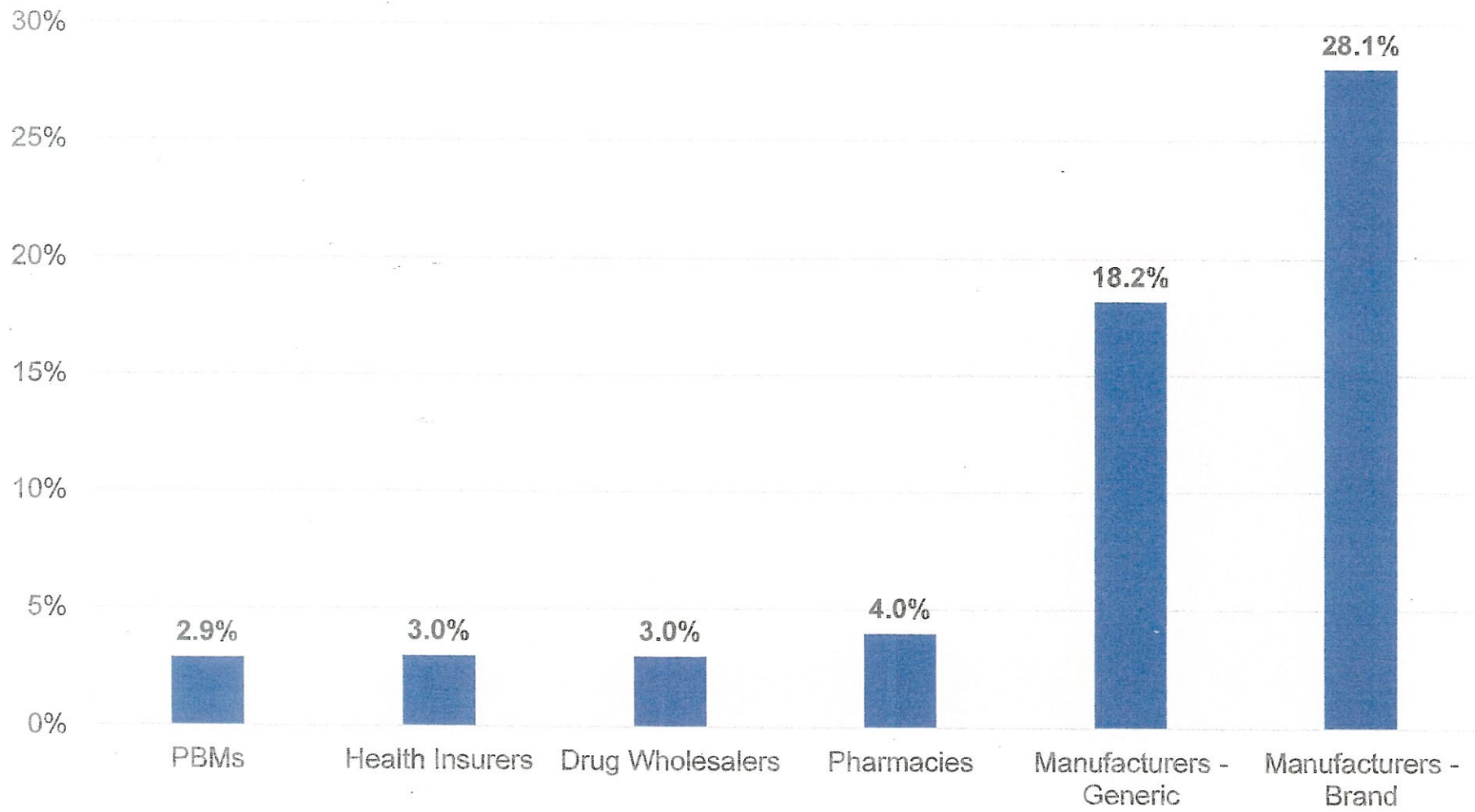
Rebates are not driving up Rx drug list prices: There is no correlation between rising Rx drug list prices and rebate levels. A recent study of the top 200 self-administered, patent-protected, brand-name drugs found no correlation between the prices drugmakers set and negotiated rebates across 23 major drug categories. In addition, not all drugs are eligible for rebates. Close to 90 percent of all drugs dispensed are generics, and these generally do not have rebates. In Medicare, nearly 40 percent of branded pharmaceuticals are not rebated, yet prices on those drugs also continue to increase.

PBMs keep none of the rebates collected for Pennsylvania Medicaid: PBMs pass through to clients the significant majority of rebate dollars (about 90%)—and all rebate dollars in Pennsylvania Medicaid. Clients use the value of rebates to reduce the overall cost of providing the health care benefit, and in Medicaid, the value of rebates ultimately flows back to the state and federal governments. It is factually incorrect to state that PBMs retain manufacturer rebates in Pennsylvania Medicaid.

PBM profit margins are the smallest in the pharmaceutical supply chain: According to a recent University of Southern California Schaeffer Center for Health Policy & Economics analysis, at just below 3%, PBMs make the least amount of profit in the entire pharmaceutical supply chain. While brand drug manufacturers make close to 30%, generic manufacturers are just below 20%, pharmacies are at 4%, and wholesalers and health insurers are at 3%.

The independent pharmacy market in PA is strong: In 2017, independent pharmacies comprised 38% of the PA pharmacy market, one of the highest market concentrations in the region. Between 2010 and 2017, the number of independent pharmacies in PA grew from 932 to 1,077, an increase of 15.5%.

PBM Profit Margins Are the Smallest in Pharmaceutical Supply Chain



Source: *The Flow of Money Through the Pharmaceutical Distribution System.* Schaeffer Center for Health Policy & Economics, University of Southern California. June 2017

PCMA

"What Drives Pharmaceutical Costs?"

House Democratic Policy Committee Hearing

5.3.2019

Remarks submitted by Erin Ninehouser, Director of Campaigns & Consumer Engagement,
Pennsylvania Health Access Network
www.pahealthaccess.org
(412) 863-1047 or erin@pahealthaccess.org
PHAN chairs the Pennsylvania Coalition for Fair Drug Pricing: www.fairdrugpricingpa.org

PHAN appreciates the leadership of Reps. Frankel and DeLuca, as Democratic Chairs of the Health and Insurance Committees, for putting this hearing together and Chairman Sturla for the work of the House Democratic Policy Committee. Thank you for inviting us to share our perspective and ideas for ensuring drug prices are fair and reasonable.

When you put the question of today's hearing -- what drives pharmaceutical costs -- to Pennsylvanians, they give a simple, straightforward answer: the "drug companies are charging too much money." That's what 73% of Republicans and 79% of Democrats surveyed in an October 2018 poll from Altarum's Healthcare Value Hub identified as a major driver of healthcare costs. The same poll revealed that 1 in 5 Pennsylvanians have chosen not to fill a prescription due to cost. Another 1 in 6 have skipped doses or cut pills in half, and 2 in 3 Pennsylvanians say they are worried about the cost of prescription drugs.

We're all here today to figure out how to bring relief to your constituents from these burdensome drug costs and to do that, we have to understand what's causing them. The problem is that many of the pieces we need to have an accurate, complete picture are missing. Let's start with what we do know:

Investment in research and development of new medicine isn't what's driving pharmaceutical companies to raise prices. We know that because data from Thomson Reuters Financial and the healthcare research firm GlobalData shows that:

- 9 out of the top 10 pharmaceutical companies spend more on advertising, marketing, and sales then they do on research and development.
- Research and development costs are only about 17% of drug company expenditures.
- In 2015, 58% of the top 100 pharmaceutical companies spent 3 times as much on marketing and sales as they invested in R&D.
- Most of this marketing money is used to persuade doctors: of the $27B companies spent in 2012 promoting their drugs, more than $24B went to in-person sales, meals, samples, and promotional materials for physicians. $3B was used to market directly to consumers through things like the TV commercials that like the ones that are shown every night during Jeopardy.
- Taxpayers, through support for the National Institutes of Health, have made significant investments in research and development of new medicines. A 2018 study published in the Proceedings of the National Academy of Sciences found that "more than $100B in federally-funded studies (through the NIH) contributed to the science that underlies *every one of the 210 new drugs* approved between 2010 and 2016."

Prices are high when transparency and accountability are low. As we explore solutions to this crisis that can be enacted on the state level, we need to keep in mind the impact of:

- Pharmaceutical companies' ability to eliminate competition by securing decade-long patents (and extend the life of patents when one drug can be used to treat multiple conditions), allowing them to effectively operate as monopolies, free to charge as much as the market will bear while negating the power of competitive pressure to drive down prices.
- Demand for life-saving prescription drugs isn't a matter of taste or preference, but of survival. The need for insulin, or an inhaler, or blood pressure medication, or cancer drugs can't be put off until prices drop. It's your money, whether you can afford it or not, or your life. Pennsylvanians -- all of us, whether we are insured through our employers, buy on our own, or are covered through Medicaid -- are at the mercy of entities that don't have to justify their prices to anyone but shareholders.

There is broad, bipartisan support for government intervention to ensure drug prices are fair and reasonable:

- 91% of Pennsylvanians support authorizing the Attorney General to take legal action to prevent price gouging or unfair prescription drug price hikes. This includes 90% of Republicans and 94% of Democrats.
- 90% of Pennsylvanians think the government should require drug companies to provide advanced notice of price increases and information to *justify* those increases. This includes 88% of Republicans and 92% of Democrats.
- 88% of Pennsylvanians believe the government should set standard prices for drugs to make them affordable. This includes 85% of Republicans, and 91% of Democrats.

We can't fix what we don't understand, and that's why it's critically important that our first step in solving this crisis is addressing transparency. The "Pharmaceutical Cost Transparency Act", HB 568, introduced by Rep. DeLuca with bipartisan support provides a game-changing tool that would allow Pennsylvania to better understand the source of high health care costs by requiring drugmakers to report information to lawmakers about the prices of drugs that are either very expensive (those with a wholesale price of $5,000 or more annually or per course of treatment) or have gone up drastically over time (those whose average wholesale price has increased by 50% or more over 5 years, or 25% over the past 12 months).

Pharmaceutical companies would have to report on the prices they charge for their drugs, as well as the cost of producing them, including: clinical trials, manufacturing, advertising (including costs of activities promoting drugs among doctors), and research and development (including money received from federal, state, or other entities to subsidize R&D), bringing transparency to the entire system. Companies would also be required to provide details on coupons, discounts, and assistance programs; and to summarize cumulative annual history of average wholesale price increases, and to document profits attributable to the drugs.

Having this data is a critical first step that addresses the root of the problem of sky-high list prices. The list price is the price the pharmaceutical company chooses to charge -- without this legislation,

Pennsylvanians have no way of knowing if those list prices are justified. Because the list price is the starting point for negotiations that determine what other entities -- like employers, state governments, and individuals -- end up paying, bringing transparency to the price-setting process will help identify and curb artificially high prices that are currently driving up system costs for everyone who is insured.

Once we have this data, it's important to use it to create appropriate, targeted policies that result in prescription drug prices that are fair and reasonable, rather than inflated and excessive. Bipartisan legislation sponsored by Rep. Pashinski, HB 1042, would create a "Prescription Drug Pricing Task Force" comprised of individuals from state agencies like Aging, Health, Insurance, and Human Services; as well as from the General Assembly, drug manufacturers, pharmacy benefit managers, patient advocacy groups, and healthcare providers to identify what factors are contributing to rising prescription drug costs and issue a report that summarizes findings and makes recommendations on policy changes that can ensure patients have affordable access to the medications they need to maintain their health and avoid costly complications caused by non-adherence to treatment.

These two bills -- HB 568 and HB 1042 -- will give Pennsylvania families the answers they deserve about why the medicines they depend on have become so expensive. They are an important first step in the long-term work of building an infrastructure of transparency and accountability that will keep prices in check without damaging the viability of these extremely profitable companies.

In addition, SB 484, the "Specialty Tier Prescription Drug Act" introduced by Sen. Mensch with bipartisan support would protect patients with rare conditions who require specialty tier medications from high out-of-pocket costs imposed by insurance companies, who are increasingly shifting to co-insurance payments (a percentage of the drug's price rather than a fixed dollar co-pay) as a way to pass on more of the cost of expensive services like prescription drugs to patients. Importantly, unlike co-insurance for medical services, like a surgery or hospital stay, which is based on the negotiated rate between a hospital and a health plan, co-insurance for prescription drugs is often based on the list price.

If enacted, the legislation would limit a person's cost to $100 for a 30 day supply of any single specialty tier drug and with an overall cap for all specialty tier medications $200 per month. The bill defines specialty medications as "a prescription drug for which a health benefit plan imposes cost sharing in excess of preferred prescription drugs and nonpreferred prescription drugs."

This is a critically important step that states 17 other states, including West Virginia, Maryland, Louisiana, and Kentucky have take to ensure that patients with serious illnesses like MS, hemophilia, rheumatoid arthritis, cancer, and other costly chronic conditions don't have to suffer either physical or financial ruin due to the high cost of specialty medications.

There is one more legislative remedy we would encourage lawmakers to consider, and it's something our neighbor state to the south just enacted. Maryland's newly-passed legislation establishes a first-in-the-nation Prescription Drug Affordability Board -- an independent body with the power to set a ceiling on what state and local governments as well as state-run entities like correctional facilities,

hospitals, and health clinics at state colleges and universities pay for certain high-cost medications that are:

- Newly entering the brand-name market at $30,000 or more per year or course of treatment
- Existing brand name drugs that increase by $3,000 or more per year or course of treatment
- Existing generic medications that increase by 200% or more per year or course of treatment
- Any prescription drug that creates affordability challenges to the Maryland health care system, including for patients

In order to recommend appropriate payment rates, the board will review the entire supply chain, giving drug manufacturers the chance to justify their prices. Starting in 2022, with the approval of the Maryland Assembly's Legislative Policy Committee, the board can begin to set upper payment limits for prescription drugs purchased by state, county, or local governments. The board will also make a recommendation to the Assembly on whether legislation to expand upper payment limits to all purchases of prescription drugs throughout the state is appropriate.

We can learn from Maryland's example as we develop Pennsylvania-specific solutions to our state's drug price crisis. Members of the Pennsylvania Coalition for Fair Drug Pricing, which PHAN chairs, will be active partners in the work members of this committee have taken on to bring much-needed relief to Pennsylvanians who are suffering from high and rising prescription drug costs. Thank you for your leadership and for holding this important forum today.

PHAN Pennsylvania Health Access Network

The Rising Cost of Prescription Drugs:

Impact on Real Pennsylvanians in their Own Words

8th House District

Joyce Buchanan from Butler, PA: "I have severe allergies. I need EpiPens and inhalers. My copay is between $45-90 dollars for each drug. Not to mention, the drug I take for my sciatica nerve pain is not covered by my insurance. That costs $648 for the 60 pills I need. Something needs to change."

10th House District

Norma Krisher from Ellwood City, PA: "Some of my medication co-pays are so expensive. I cannot afford to pay $400 to stay healthy."

39th House District

Alice from Clairton, PA: "I take insulin and every year I fall into the doughnut hole. When I do, it costs $400 on a fixed income. It is impossible for me to get insulin. I tell the pharmacy to just keep it."

Judy from Stroudsburg, PA: "I'm a Physician's Assistant on social security. It is a crime that I have worked my entire life and still have to choose between my medications and feeding myself."

57th House District

Linda from Grapeville, PA: "My husband and I are both on insulin, which costs us around $300 a month plus I am on Linzess which is $154 a month & numerous other medicines. Doesn't leave us much for to live on for the month with our utilities, groceries, insurance and other things. We only get about $2,300 in social security between the two of us. You try living on that."

Cheryl from Greensburg, PA: "My husband is a diabetic and uses two different insulins per day. It cost us $500 to get his Novolog prescription filled."

62nd House District

Sarah from Indiana, PA: "I have severe ulcerative colitis and have to be on several medications to try and keep it under control. I have to take infusions of biologics and take pills every day where there are no generics available. I realize it cost money for research to bring a drug to market but to charge over $10,000 for these life saving and changing drugs is insane. Also my nephew is allergic to tree nuts. Upping the price of the EpiPens by 500% is a travesty. Children can die without having the medicine available immediately."

PHAN Pennsylvania Health Access Network

The Rising Cost of Prescription Drugs:

Impact on Real Pennsylvanians in their Own Words

81st House District

Dorothy Meyers from Three Springs, PA: "I can't afford to check my blood sugar anymore because the insulin and test strips are so expensive. Price jumped from $20 to $115 in a matter of days. This is crazy and dangerous."

87th House District

Joanne from Mechanicsburg, PA: "My insulin prices keep going higher and higher because I'm entering the donut hole and I just don't know how I am going to be able to afford it."

99th House District

Lelana from Ephrata, PA: "My husband has metastatic melanoma. We just got the information on his first treatment of immunotherapy from December and it was $90,000! If we didn't have insurance, these treatments would bankrupt us! And he isn't assured that he will even have his job once his FMLA is used up. What are we supposed to do if that happens?!"

110th House District

Kim from Dushore, PA: "I am one of those people you hear about who has to pick groceries or drugs. Some months, I only get the prescriptions that I absolutely can't live without. Or I take less than what I'm prescribed so that I'll have enough left over to get me through the next month."

Catherine Gleason from Meadows, PA: "I suffer with Psoriatic arthritis, amongst other conditions. I have no insurance and have been getting my meds through an organization sponsored by Amgen. For 2019, my renewal application was denied. The reason I was given was that I qualify for Medicaid. My doctors are mostly in New York, and don't accept out of state Medicaid. I was basically given a choice NO ONE should be forced to make: continue to see the doctors I trust and have history with or get my meds. Enbrel is normally $12,000/month. I can't afford this."

Michelle Foster-Doyle from Dimock Township, PA: "I need to take Tegretol for my epilepsy, but the cost recently went up to $200 monthly for the drug, which was unaffordable for me. Instead of taking the full dosage, I take only 3 pills a day, but I still ran out. The generic version gave me such bad headaches that I ended up in the hospital."

PHAN Pennsylvania Health Access Network

The Rising Cost of Prescription Drugs:

Impact on Real Pennsylvanians in their Own Words

125th House District

Denise Deck from Schuylkill Haven, PA: "I can't afford to buy my meds, so I don't take them. As a result, my blood sugar isn't under control. My husband only takes his asthma meds every other day to help spread out how often we have to get them refilled."

131st House District

David from Emmaus, PA: "My diabetes drugs help with keeping my A1C under control but cost me about $500 every three months. I can't afford it!"

178th House District

Janis Johnson from Washington Crossing, PA: "I take 22 pills a day for a heart condition. One medicine alone and my copay is $1,600 for 3 months, that's just awful and it puts me in the donut hole right away. Something needs to be done to lower the drug costs."

187th House District

Sandra from Schnecksville, PA: "My story is short and not so sweet. I have Medicare that pays for very expensive eye drops for Glaucoma. I also have Type 1 diabetes, and the out of pocket portion gets larger and larger with every prescription. I can't do this much longer and keep my house. I feel this is a choice no one should have to make."

196th House District

Susan Howes from Spring Grove, PA: "I'm currently in cancer treatment and I can't afford my EpiPen. This is dangerous and I can't understand why these drugs cost so much."

PHAN Pennsylvania Health Access Network

HB 568: Establishing Prescription Drug Price Transparency

Drug companies can increase prices whenever they want and however much they want, no matter the impact on people who rely on the medications they produce. And they aren't currently required to disclose how they price drugs. Without this information, lawmakers simply don't have the tools to address out-of-control drug prices.

The Cost of Developing Drugs Doesn't Explain High & Rising Drug Prices

Pharmaceutical companies often claim that their prices reflect the cost of research and development (R&D), but 9 out of 10 of the top 100 pharmaceutical companies spend more on advertising, marketing, and sales then they do on R&D. Companies also receive help from the federal government and universities to cover R&D costs; on average, they actually pay less than 16% of the cost of R&D.

States Can and Should Take Action to Make Drug Prices Fairer and More Affordable

States including Maine, Maryland, Nevada, California, Oregon, Connecticut, and Louisiana have already passed legislation aimed at addressing drug prices, but Pennsylvania has not.

Across party lines, 9 in 10 Pennsylvanians want lawmakers to take action on prescription drug prices.

About House Bill 568 & Prescription Drug Pricing Transparency

Pennsylvania families - and the elected officials that represent them - deserve to know why the drugs they rely on are so expensive. HB 568, a bill currently under consideration in the PA House, would require drugmakers to report information to lawmakers about the prices of drugs that are either very expensive or have gone up drastically over time.

If HB 568 were to pass, companies would have to report on the price they charge for the drug as well as the cost of producing the drug, including clinical trials, manufacturing, advertising, and research & development, bringing transparency to the entire system.

Please Ask Your Representative in the PA House to co-sponsor HB 568!

Pennsylvania Health Access Network
Stronger Voices for Better Health

Pennsylvania Coalition for Fair Drug Pricing: Our Principles

To keep our state healthy, every family and individual in Pennsylvania needs to be able to access the medications prescribed by their doctors at a fair, affordable price. Without intervention, fewer and fewer Pennsylvanians will be able to do so. As a coalition, we recognize that:

1. **Prescription drug prices are soaring.** Nationally, the cost of prescription drugs has risen by 30% since 2010, with the most common brand name drugs outpacing inflation, on average, by nearly 8-fold and with double digit increases between 2012 and 2016.

2. **High and rising drug costs interfere with many Pennsylvanians receiving proper, adequate, and medically necessary care, and most are worried about high drug prices.** 1 in 5 have chosen not to fill a prescription due to cost, and another 1 in 6 have skipped doses or cut pills in half. 2 in 3 Pennsylvanians say they are worried about the cost of prescription drugs.

3. **Medically vulnerable and older Pennsylvanians are particularly hard-hit by rising prices.** The average older Pennsylvanian takes between 4 and 5 brand name prescription drugs regularly. The average annual retail cost of these drugs exceeds the average senior's median income by 20%. This forces some, even those who have insurance, to choose between medications and basic necessities like food, heat, or housing, or work past retirement just to afford their prescriptions.

4. **Soaring drug prices affect everyone, even healthy people.** Even Pennsylvanians who don't currently need prescription drugs are impacted because drug prices rise quickly and are such a big share of premiums. For Pennsylvanians in the individual market, prescription drugs represented 1 in 5 of every healthcare dollar spent in 2015, up 50% from the previous year. This means everyone is paying more for healthcare.

5. **Drug prices bust budgets for employers, governments, and hospitals.** As an example, for drugs purchased through the Medicaid program alone, prices per dosage have risen by 11%, year over year between 2012 and 2016, straining state budgets. Everyone pays when governments, employers, and hospitals must pass on these increases.

6. **Across party lines and throughout our state, Pennsylvanians overwhelmingly support action that will make prescription drug prices fairer and more affordable.** More than 4 in 5 Republicans, Democrats, Independents, and non-affiliated Pennsylvanians alike support a variety of government actions to curtail unfair pricing and unreasonable price hikes, along with advanced notice provisions, higher transparency, and standards for making drugs more affordable.

The Pennsylvania Coalition for Fair Drug Pricing supports solutions that focus on achieving fair, affordable drug prices through state-based action. Pennsylvania should (a) develop clear, current, and actionable data on drug prices; (b) leverage existing market dynamics to help more employers, government entities, and hospitals negotiate with drug companies; and (c) consider creating an entity specifically tasked with developing and implementing Pennsylvania-based solutions to high, unaffordable, and rapidly rising drug costs.

Data Sources:
Centers for Medicaid and Medicare Services, National Health Expenditures Projections, 2015-2025
AARP Public Policy Institute, 2018 Rx Price Watch Report
Altarum's Healthcare Value Hub, Pennsylvania Consumer Healthcare Experience State Survey, 2018
Pennsylvania Insurance Department's testimony to the House Insurance Committee, 2017
Centers for Medicaid and Medicare Services, Medicaid Drug Spending and Utilization, 2012-2016

For more information, visit www.fairdrugpricingpa.org