

PATIENTS FOR AFFORDABLE DRUGS™

January 15, 2018

Patients For Affordable Drugs is a bipartisan organization focused exclusively on policies to lower prescription drug prices. To maintain our independence, we do not accept funding from any organizations that profit from the development or distribution of prescription drugs. We are about patients first, last, and always.

Since our launch a year ago, we have heard from over 200 patients in Connecticut who are suffering under high drug prices. One of them is Pam Poitras from Harwinton. She wrote to us “I can't afford my chemo co-pay. I pay \$1,026 for the first month, then \$640 for every month thereafter. Affordable drugs would mean less stress for me.”

For Connecticut residents like Pam, it is vital that the state take immediate action to lower prescription drug prices and make medication more affordable and accessible to Connecticut families.

We were pleased to review the thoughtful recommendations made by the Health Care Cabinet. While we recognize that administrative actions may be the easiest to move forward, we believe that the more comprehensive legislative recommendations could have the greatest benefit for Connecticut patients. We hope to see bipartisan action on both fronts.

Below please find our comments on the Cabinet's recommendations on behalf of the 220 patients from Connecticut who have written to us.

1. **Drug Review Board:** Patients For Affordable Drugs supports the recommendation to establish a Drug Review Board (DRB) that would investigate excessive launch prices and price increases and give the authority to the Attorney General to pursue violations when drug prices are deemed too high. We believe the DRB's price reviews should apply to both brand name and generic drugs, and it is important when considering “excessive prices” that the board factor in both the percent increase and the list price of the drug. For example, a 10 percent increase on a \$10 drug is less harmful to patients than a 10 percent increase on a \$100,000 drug. Finally, in addition to the unfair trade practice consequences deemed by the Connecticut price gouging laws, we recommend that companies found charging excessive prices be required to reimburse payors, pharmacies, wholesalers, and patients for some part of the overcharge.

We do not accept contributions from any organizations that profit from the development or distribution of prescription drugs.

2. **Require manufacturers, PBMs, and health insurers to disclose the funding they provide to nonprofit patient advocacy groups:** This recommendation is strongly supported by Patients For Affordable Drugs. As a community of more than 24,000 patients across America, we disclose our funders and believe transparency helps the public understand why organizations that accept money from drug corporations often support high prices. We recognize that increased transparency into non-profit funding will not directly lower the prices of prescription drugs, so we hope that in addition to requiring transparency, the Connecticut legislature will focus on additional solutions that will lead directly to the reduction of high drug prices.
3. **Require PBMs to undergo audits:** Pharmacy benefit managers—the companies that operate prescription drug insurance programs—are supposed to operate on behalf of patients to get lower prices. But they operate in secret, so we can't see how much money they keep and how much savings reach patients and consumers. We need complete transparency from pharmacy benefit managers.
4. **Require that all prices negotiated between PBMs, manufacturers and payers pass through to the consumer at point-of-sale:** Patients get the short end of the stick again and again when it comes to price negotiation. Co-insurance and deductibles are set by list prices which means that often patients are paying more for their copay than the price their insurance plans are paying for those medications. We support legislation that will pass negotiated prices on to consumers.
5. **Explore the feasibility of creating a state administered revolving loan program that helps patients with high deductible plans or with significant co-insurance:** We do not believe this solution addresses the key problem with drug prices, which is that drug corporations enjoy monopoly pricing power and set prices with complete disregard to patients and taxpayers. Drug prices are based on how much money a corporation can extract from the market, therefore setting up a system to help patients with high deductibles may have the best of intentions, but it will not lower prices--rather, it will support unjustifiably high prices.
6. **Limit drug manufacturer coupons:** Drug manufacturers use coupons as a tool to sell more prescription drugs and keep prices high. We support lower prices instead of manufacturer coupons.

We recognize that legislation around drug pricing is difficult and complicated, but patients are being hurt now, and we encourage state action. The most effective way to lower drug prices at the state level is to break the monopoly pricing power of drug corporations and demand transparency from pharmacy benefit managers who run drug insurance programs.

The pharmaceutical industry is one of the most profitable in the world—averaging profits more than three times the average of the S&P 500. Health care and pharma executives are the highest compensated among all industries. Drug corporations are spending 20-40 percent of

their budgets on marketing. There is plenty of money available to lower prices, pay for research, and still deliver a good return for investors.

Thank you for the time the Cabinet has taken to research this important issue and present suggestions that will make a difference to patients.

Contact:

Lucy Westerfield

Policy Analyst

Patients For Affordable Drugs

lucy@patientsforaffordabledrugs.org

(202)-734-7555