



Drug Transparency Legislation – HB 4347

MAHP Position – Support with amendment

General Comments: Prescription drug therapy is a critical component of the health care treatment for Michigan citizens. Pharmaceutical advances have brought new life-saving medications that have improved treatment of many diseases. Yet the rising costs of prescription drugs threaten the sustainability of health care coverage for employers, patients and health insurers.

- Prescription drug expenditures have skyrocketed over the last decade and now account for the largest growing sector of total health care costs. Prescription drugs accounted for 6% of total health care costs in 2006 but now have risen to over 22% with drug pricing inflation outpacing the Consumer Price Index by 150% over the last decade.
- Polling of U.S. and Michigan citizens over the past several years report that 84% think prescription drugs pricing is unreasonable. Michigan consumers deserve to have access to affordable and accessible prescription drugs and deserve the ability to see how drug pricing is set and what is behind drug price increases.
- **Transparency in healthcare is not a new concept.** The Centers for Medicare and Medicaid Services (CMS) has made reporting health care transparency a priority goal to allow consumers greater ability to select providers based upon high quality and efficiency.
- Responding to rapidly rising drug costs, **18 states** have already passed some type of prescription price transparency legislation: California, Colorado, Louisiana, Maryland, Massachusetts, Minnesota, Missouri, Nebraska, Nevada, New Hampshire, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, and Washington.
- The European Medicines Agency (EMA) requires transparency for pharmaceutical manufacturers in payments made for research and development and clinical trials.

Pitfalls with Drug Transparency Legislation:

- The current wholesale acquisition costs increases by pharmaceutical manufacturers that are necessary to trigger reporting to DIFS of 15% or more in a given year or 40% or more over a 3-year period is way too high. Michigan citizens would be outraged at paying annual price increases of 15% a year for food costs or other essential goods or services. Consumers would also be outraged paying 15% more a year or 40% more in a 3-year timeframe for housing, electricity or gas. **Drug price increases at these rates do not even come close to the House Bipartisan Health Care Plan for affordability and quality of care; rather they are price gouging consumers.**
- In addition, the dollar limit for the qualified prescription drug of \$500 or more for a 30-day supply is also too high a threshold. \$300 would be a more appropriate level for the qualified prescription drug for the reporting level.