

Memo

To: Members, House Health Policy Committee
From: Adam Carlson, Senior Vice President, Advocacy
Date: April 20, 2023
Re: HB 4409 — The Drug Manufacturer Data Reporting Act
Position: Support

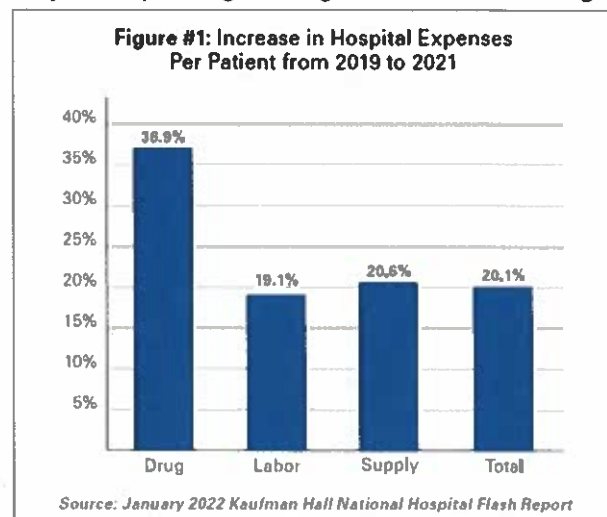
The Michigan Health and Hospital Association (MHA) supports House Bill (HB) 4409, also known as the drug manufacturer data reporting act. Like healthcare consumers, Michigan hospitals face major challenges with the cost of pharmaceuticals used to care for patients across the state.

Drug prices are the most rapidly growing expense for hospitals. From 2019 – 2021, a Kaufman Hall analysis showed the rise in drug costs outpaced any other cost driver faced by hospitals. Drug costs rose by 36.9% over the time studied, in comparison to 19.1% for labor and 20.1% overall.¹ This trend is not new. Between 2015 and 2017, total hospital and health system spending on drugs increased on average by 18.5% per inpatient hospital stay, with a jump of 28.7% per outpatient admission.²

A study by GoodRx found that in January 2022 alone, drug companies increased the price of about 810 brand and generic drugs that they reviewed by an average of 5.1%.³ These price increases followed massive price hikes for certain drugs often used in the hospital such as hydromorphone (107%), mitomycin (99%) and vasopressin (97%).⁴

Hospitals are forced to bear a significant burden when the price of pharmaceuticals rises. Not only are hospitals major purchasers of drugs, but patients often end up in the hospital when they cannot afford to take their medications as prescribed. This hurts the health of our communities and can negatively impact health outcomes. Continued price hikes by manufacturers have forced hospitals to make significant decisions like downsizing staff, delaying capital investments and employing alternative therapies to cope with the high costs of drugs.

House Bill 4409 is an important step in providing transparency into the fastest growing expense faced by Michigan hospitals. We appreciate the Legislature's willingness to consider the drug manufacturer data reporting act.



¹ [2022-Hospital-Expenses-Increase-Report-Final-Final.pdf \(aha.org\)](#)

² [aha-drug-pricing-study-report-01152019.pdf](#)

³ [Live Updates: January 2022 Drug Price Hikes - GoodRx](#)

⁴ [aha-drug-pricing-study-report-01152019.pdf](#)

Brian Peters, Chief Executive Officer