



Prescription Drug Cost Transparency and Affordability (H. 1133/S. 706)

Lead Sponsors: Representative Barber and Senator Lewis

Background

Prescription drug prices continue to rise, increasing the cost of health insurance and placing a considerable burden on families as well as the state's budget. Currently, there is little to no transparency when it comes to the actual costs required to produce a drug, and no mechanism or oversight to ensure that drugs are truly affordable for those who need them. As a result, pharmaceutical companies may set arbitrary and opaque prices for drugs, and too many people in Massachusetts cannot access these drugs due to high costs.

Why is this legislation needed?

- The Health Policy Commission's (HPC) 2018 Cost Trends report showed that MA drug spending increased over 4% last year, while total spending across the health care system went up by just 1.6%.
- Drug spending in MassHealth has nearly doubled from \$1.1B to \$1.9B over the past five years, twice the growth rate of other MassHealth spending.
- Evidence shows that high cost-sharing for prescription drugs leads patients to not take the drugs their doctors prescribe.
- To date, hospitals, insurers, businesses, providers, and consumers have all made meaningful sacrifices to ensure health care coverage for MA residents and bring down costs, while the pharmaceutical industry hasn't been held accountable to be part of the solution.

The goals of An Act to ensure prescription drug cost transparency and affordability are to:

- Make drugs affordable and available to consumers
- Make pharmaceutical costs more transparent and affordable for the health care system
- Contain costs for MassHealth
- Require the pharmaceutical industry to do their fair share to control health care costs

This legislation uses a number of strategies that include providing transparency around the underlying costs to produce prescription drugs; restraining abuses of pharmacy benefit managers (PBMs); authorizing the HPC to set upper payment limits for unreasonably high-priced drugs; requiring pharmacists to inform consumers if purchasing a drug at the retail price would be cheaper than using health insurance; providing tools to strengthen MassHealth's ability to negotiate lower drug prices; and permanently authorizing and funding "academic detailing," an evidence-based prescriber education program.

Massachusetts Prescription Drug Affordability Coalition: MASSPIRG, Health Care For All, Health Law Advocates, Mass. Senior Action Council, 1199SEIU, Mass Medical Society, Atrius Health, Disability Policy Consortium, Boston Center for Independent Living, MA Association for Mental Health, MA Society for Prevention of Cruelty to Children, Jewish Alliance for Law and Social Action.

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