



July 11, 2018

Chairman James T. Welch  
Asst. Majority Whip Jason M. Lewis  
Senate Minority Leader Bruce E. Tarr

Majority Leader Ronald Mariano  
Vice Chairman Jeffrey N. Roy  
Representative Randy Hunt

Cc: Senate President Harriette L. Chandler  
Speaker of the House Robert A. DeLeo  
Chairwoman Karen E. Spilka  
Chairman Jeffery Sánchez

RE: Conference Committee Recommendations, Health Care Reform (H 4639) (S 2573)

**Promoting transparency in tackling the high cost of prescription drugs**

On behalf of a coalition of consumer groups, we urge the Conference Committee to adopt measures to better evaluate and tackle the problem of skyrocketing prescription drug prices.

Prescription drug costs are currently the fastest growing healthcare expense – by far. For both public and private plans – increases in pharmacy costs far outpace every other expense. Rising drug prices are increasing health care costs, placing significant burden on consumers and putting pressure on the state budget.

The Health Policy Commission’s (HPC) most recent cost trends report finds that prescription drug spending has grown faster than overall commercial trends in the past three years and that drug costs now account for more than 20 percent of commercial insurance spending in Massachusetts. The report also finds that prescription drug cost growth is the largest factor in state spending exceeding the cost growth benchmark.

What is further compounding the problem is that, as noted by the HPC, “transparency on pricing trends, rebates, discounts, and pharmaceutical benefit managers is lacking.” The HPC urged the legislature to increase transparency as a step to increase accountability for drug cost growth. Actual prices paid for drugs are hidden behind a complex veil of intermediaries, and effective transparency provisions would allow the public and policymakers to understand the causes of high prices and cost growth. Transparency is the first step toward understanding why prescription drug costs have increased so dramatically and what can be done to manage costs more effectively.

Recognizing this, both the House and Senate bills include provisions advancing drug price transparency. We believe that an effective provision must provide for robust disclosures that cover a substantial number of the most expensive drugs and those with substantial increases from the prior year. A complete assessment of the appropriateness of a drug’s price requires analysis based on disclosure of the research and development costs, identifying those costs funded by public funds; revenues and net profits; and amounts spent on marketing and advertising, particularly noting advertising aimed directly at consumers and marketing conducted via discounts or product vouchers offered to consumers. Cross-subsidies can be identified by seeking data comparing the amount charged for the drug in Massachusetts to the amount charged for the same product elsewhere. In addition, because the goal of the provision is to enable public accountability, the bill should include a mechanism for sharing information with the public to the extent permitted.

Based on these factors, we recommend that the Conference Committee adopt the Senate language on drug price transparency in the final bill (section 35). The Senate sections provide for more extensive disclosures and would strengthen the ability of policymakers and the public to judge if we are getting good value for our billions spent on prescription drugs. We believe that Massachusetts should join a number of other states that have enacted strong transparency requirements to further the goals of affordable care.

Sincerely,

Deirdre Cummings, Legislative Director, MASSPIRG

Brian Rosman, Director of Policy and Government Relations, Health Care For All

Wells Wilkinson, Senior Staff Attorney, Health Law Advocates

Robert Restuccia, Executive Director, Community Catalyst

Carolyn Villers, Executive Director, Massachusetts Senior Action Council