



March 7, 2023

Dear Members of the House Health Finance & Policy Committee,

As representatives of diverse patient communities, we are writing to express our varied and serious concerns with bills creating a Prescription Drug Affordability Board (HF 17 & SF 168) currently making their way through the Legislature. While the intent of this new government board is well intentioned, its unintended impacts on patients and providers in Minnesota are troubling and must be addressed.

The Prescription Drug Affordability Board would be authorized to set upper payment limits (UPLs) on prescription drugs it deems too expensive. While this may seem like a simple mechanism for lowering prices, it could significantly limit the availability of certain drugs in Minnesota. The UPL would only apply to drug purchases by providers in Minnesota, and reimbursements would not be able to bill above the UPL. However, the bill does not require that health plans use the UPL to seek reimbursements or set the price patients pay for their medicines. This means that HF 17 and SF 168 would not accomplish its intended goal of lowering the cost of prescription medicines for Minnesota patients.

Instead of saving patients money at the pharmacy counter an affordability board would only reduce the number of medicines available to Minnesota patients. The board's focus is mainly on provider billing, but does not take into account the cost of storing or administering a product which is particularly concerning for physicians that administer medications directly to patients in a clinical setting. This would disproportionately impact cancer, rheumatology, allergy and urology physicians and their patients. For small and independent practices this would negatively impact their margins and make it more difficult for them to continue treating patients. A loss of independent practices would be especially painful for rural patients. Overall, this would mean limited access and fewer choices for patients, but not necessarily lower costs.

HF 17 and SF 168 do not take into consideration the complexity of the pharmaceutical supply chain. As stated earlier these bills focus mainly on provider billing ignoring the other players in the supply chain that determine out-of-pocket costs for patients, such as pharmacy benefit managers and insurers. Over half of the total spending on brand medicines went to supply chain entities other than pharmaceutical companies. The bills being considered do not adequately account for these other players and their impact on prices.

Government price setting in the pharmaceutical sector could also reduce investments into research and development of new drugs by taking away the incentive to bring new treatments and cures to market. Without this incentive many pharmaceutical companies may make fewer investments into research, especially high-risk research such as rare diseases and cancer medicines.

We all want to reduce the cost of medicines for patients, however HF 17 and SF 168 are the wrong answer for Minnesota. Allowing a board of unelected officials to come between physicians and their patients by arbitrarily setting the price of needed medications will only limit options for patients now and in the future.

We strongly urge you consider our concerns and withhold your support for HF 17 and SF 168.

Sincerely,

ALS Association

Community Liver Alliance

Gaucher Community Alliance

ICAN, International Cancer Advocacy Network

Little Hercules Foundation

Lupus and Allied Diseases Association, Inc.

Minnesota State Grange

Project 12-04