Your Generics & Biosimilars Industry

March 24, 2022

Representative Tina Liebling
Chairwoman, House Health Finance and Policy
477 Rev. Martin Luther King Jr. Blvd.
St. Paul, MN 55115

Regarding:
HF 4398 – Art. 1, Sec. 10 & 11
HF 4504
AAM Position: Oppose

Dear Chair Liebling and Members of the House Health Finance & Policy Committee:

On behalf of generic and biosimilar manufacturers, the Association for Accessible Medicines (AAM) writes to convey its opposition to House File 4398, Article 1, Sections 10 & 11 and HF 4504, which make significant modifications to the existing drug price transparency law.

AAM is the leading trade association for the developers and manufacturers of generic and biosimilar medicines. Its core mission is to improve the lives of patients by advancing timely access to high quality, affordable, and FDA-approved generic and biosimilar medicines. Generic and biosimilar drug manufacturers saved Minnesota $4.8 billion alone in 2020 but the additional mandated reporting requirements in these bills would put unnecessary cost pressures on manufacturers, potentially harm patient access to low-cost medicines and, thus, AAM must oppose the changes to the drug price transparency law included in these bills.

It is important to note that the existing drug price transparency law has not yet produced a report. The Minnesota Department of Health's implementation of the law was delayed due to COVID, and the first report, initially due on January 15th, 2022, will not be released until May 15 of this year. It does not seem prudent to move forward on multiple bills – including the bills referenced in this letter as well as HF 58 which the committee heard on March 23 - without first considering the results of legislation previously enacted. Combined, these bills make significant changes to a program that is still in the implementation process, and it is still unknown if the initial requirements will yield information that brings transparency to and reduces drug prices in Minnesota.

Other states that have implemented similar transparency laws, including California and Oregon, have learned that generics and biosimilars are providing significant cost savings to the people of their states. Their findings match numerous other studies that reach this same conclusion, including a 2019 report from Dr. Stephen Schondelmeyer, University of Minnesota, conducted for AARP that found the prices for the top 390 most commonly used drugs by seniors fell by 9.3%.

It is unclear how the proposed changes in the multiple bills would work together with the existing law, nor has there been any direction from the Minnesota Department of Health regarding the need or benefit for these changes as well as the cost impact of more reporting by generic and biosimilar companies.

On the specifics of the proposed legislation, House File 4398 includes provisions that contradict policy decisions made by the Minnesota legislature when it passed the Prescription Drug Price Transparency Act in 2021.

- HF 4398 would require all manufacturers of a drug within a "Drug Product Family" to report information even if the manufacturer substantially reduced the price of the drug. This stands in contrast to the 2021 law that included specific reporting thresholds as a mechanism to incentivize and reward manufacturers to refrain from significantly increasing prices.
- Additional reporting under HF 4398 would be burdensome to generic manufacturers. These requirements would increase cost pressures due to the time required to obtain, condense, and synthesize the required data across multiple departments within each manufacturer. This potentially includes regulatory, legal, finance, supply chain, manufacturing, and pricing departments. And, while the compliance costs would increase for manufacturers, there is no resulting benefit to patients as the additional information will not impact the cost of prescription drugs.
- The information requested may be proprietary and considered confidential trade secret that should not be shared with a manufacturer's competitors. Generic manufacturers compete with other manufacturers to sell the exact same product and the price of the generic is often the determining factor on which manufacturer gains market share. Public reporting of pricing strategy eliminates one of the primary forces that drives generic competition and leads to lower prices for patients.

Increasing the use of generic and biosimilars is the best way to decrease drug costs for Minnesota patients. Medical Assistance saved $727 million in 2020 alone, approximately $887 per enrollee. Further, 90% of all prescriptions are filled with a generic drug yet these only account for 18% of drug costs and less than 2% of total health care spending.

If you have any questions regarding AAM or its position on these bills, please feel free to contact me at brett.michelin@accessiblemeds.org.

Sincerely,

Brett Michelin

Brett Michelin
Senior Director, State Government Affairs
Association for Accessible Medicines