

Insurance and Real Estate Committee JOINT FAVORABLE REPORT

Bill No.: HB-6870

Title: AN ACT ADDRESSING PATIENTS' PRESCRIPTION DRUG COSTS.

Vote Date: 3/11/2025

Vote Action: Joint Favorable

PH Date: 2/18/2025

File No.: 308

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SPONSORS OF BILL:

Governor Ned Lamont
Rep. Gauthier, 38th District
Tom Delnicki, 14th District

REASONS FOR BILL:

Prescription drug costs continue to increase at a rate that is unsustainable for many patients. The Office of the Governor introduced this bill to help mitigate these cost increases.

RESPONSE FROM ADMINISTRATION/AGENCY:

Ned Lamont, Governor – The State of Connecticut: Supports

This bill will allow all residents to shop around and find the most cost-effective prescription drug. It would “enable patients with high deductible plans and those who have the opportunity to buy their drugs at a lower price with discount cards instead of their insurance to get the best prices for their medications while having those costs counted towards their plans’ cost-sharing obligations.”

Bryan Cafferelli, Commissioner – The Department of Consumer Protection: Supports

The Commissioner states that this bill would allow his department to conduct a study into the feasibility of a Canadian drug importation program. The Commissioner argues that this would put Connecticut at the forefront of the fight to lower the cost of prescription drugs. He further argues that finding ways to lower the cost of drugs is critical to his department’s mandate of protecting public health and safety.

William Halsey, Medicaid Director – Department of Social Services: Supports

Offers support for this bill stating that DSS spends over \$1 Billion on drugs and medication annually. Conducting a study into the feasibility of an importation program would help DSS identify the areas where they could reduce the cost of pharmaceuticals.

Kathleen Holt, Office of Health Strategy

Regarding Canadian drug importation, OHA encouraged Connecticut to proceed with caution, as they believe that major obstacles must be carefully navigated to ensure the safety and effectiveness of the program. Holt also shared that OHA supports Section 15, the requirement that insurers would be required to apply credits toward deductibles and other cost share obligations for out-of-pocket drug purchases using a drug discount program or non-participating pharmacy instead of insurance/ Finally, OHA requested that this legislation includes an additional requirement that drug discount programs, such as ArrayRx and GoodRx, provide clear and detailed notice that their programs are not insurance programs and advise consumers of some of the potential financial consequences of utilizing the discount program in lieu of insurance coverage.

Andrew Mais, Commissioner – CT Insurance Department: Supports

Andrew Supports this bill stating: “This initiative could allow Connecticut health plan members in the fully insured market to realize actual savings on their prescription drugs within a plan year. “

Sean Scanlon, State Comptroller – Office of the State Comptroller: Supports

The comptroller supports this bill stating: “This bill will give everyone the freedom to explore the most affordable access to drugs without having to worry those costs aren’t going toward meeting their deductible.”

Manisha Juthani, Commissioner – Department of Public Health: Supports

Manisha supports this bill because she believes that it would help improve the availability of drugs and pharmaceuticals.

NATURE AND SOURCES OF SUPPORT:

Ayesha Clarke, Executive Director-Health Equity Solutions – Supports:

Ayesha submitted testimony in support of this bill because she believes it will reduce drug costs for CT residents. Ayesha breaks the bill into 3 parts, the first part is concerned with out of network costs going towards deductibles, the second is concerned with capping price increases, and the final portion is concerned with importing cheaper Canadian drugs. Ayesha argues all three portions of this bill will help reduce costs. Ayesha argues that residents who rely on discount drug programs end up paying more for their medication because none of the money they are paying goes towards their deductible. This solves that problem. Next, Ayesha argues that capping annual price increases for drugs to the rate of inflation helps protect vulnerable populations who might stop taking their drugs in response to a sudden price increase. Finally, Ayesha argues that brand-name drugs costs 3x more in the United States than in comparable countries and that importing prescription drugs from Canada is an idea that has already been passed in other state legislatures.

Nora Duncan, State Director – AARP:

Nora believes that this bill will be effective in reducing the cost of prescription drugs in the state and offers the following statistics in support: drug prices were 2.78x higher than in comparison countries (3.22x for brand-name drugs). In a survey of 35,000 people aged 45 and older conducted in 2023 AARP found that 3/4 of people were taking at least 1 prescription drug regularly, 2/3 were concerned with being able to afford their medication, and 1/3 of those people were very concerned, and finally that 94% of them support the State of Connecticut reducing the cost of prescription medication.

Mona Friedland, AARP Volunteer – Supports:

Mona offers general support for this bill because she believes it will help reduce the cost of drugs in the state. Mona argues that that drug prices have increased exponentially in recent years; something that AARP believes is particularly problematic for those on fixed income. Mona relays an anecdote of how she was prescribed a drug that costs over \$100 a month in the United States, but a 6-month supply could be imported from Ireland for \$120.

Campbell Mitchell, Policy Lead-CT Insulin4All – Supports:

Campbell voices general support for the bill but also suggests changes that they argue will make it more effective at bringing costs down. In general, Campbell supports the use of reference pricing as a means of lowering drug costs. She believes that the verbiage contained in section (11) that defines "Identified Prescription Drug" and "Reference Price" does so in terms of patent expiration dates. Mitchell believes that this definition is too restrictive and Campbell would like to see the scope of this section broadened to include drugs under patent that have no generic equivalent. Further, Campbell argues that section (12) of this bill is counterproductive and will incentivize manufacturers to double down on price gouging during shortages. To prevent gouging, Campbell suggests that the assessment of reference prices be universal – without paying regard to patent or shortage status. The Commissioner of Public Health should be able to investigate and price variances. Campbell would like to see section 15 made effective immediately and change the penalty from a flat rate to a percentage of global revenue. Finally, Campbell suggests that insurers be required to give "partial credit" for out-of-network treatment that exceeds the cost of similar "in-network" treatment.

Reggie Stankaitis, AARP Volunteer – Supports:

Reggie expresses her support for the bill because she believes that it will help drive down the cost of medicine in the state. Reggie has Parkinson's disease and requires medication that isn't covered by insurance – costing her \$36,000 a year. Sometimes, Reggie has to go without her medicine due to its cost – and has even needed to make changes to her plans due to the cost of his medication.

Liz Diehl, State Director – AARP CT:

Offers general support for this bill.

NATURE AND SOURCES OF OPPOSITION:

Stephan Burm, Director of State Government Affairs – Biotechnology Innovation Organization:

Stephan argues that this bill increases risks to consumers, fails to address the root causes of the issues it purports to solve, and stifles innovation. Stephan argues, citing an open letter

written a bipartisan of group former FDA commissioners, that the FDA lacks the resources to adequately screen all imported drugs. Stephan and BIO are concerned that a lack of adequate screening could allow counterfeit, adulterated or sub-standard drugs into the state. He cited instances where counterfeit drugs led to the deaths of people in 42 states. Stephan further argues that this legislation does nothing to help lower out-of-pocket prescription costs because he believes that pharmaceutical manufacturers are not the cause of increased drug costs. The root cause of increased out of pocket costs is the insurance companies raising costs on patients – something that this bill does not address. Finally, Stephan argues that reference prices will dampen investment and not allow companies to provide a return on investment. He argues that this regulation bill would harm small-medium sized pharmaceutical companies who need to invest millions of dollars in a project before having a chance to see a return on their investment. Stephan argues that these regulations would hamper biopharmaceutical companies' willingness to invest in new drugs.

Rachel Cottle, Senior Director of State Policy – PhRMA:

PhMRA argues that this legislation does not help control the cost of medication for consumers, could potentially stifle future drug development, and could harm the Connecticut economy more generally. PhRMA states that increased rebates and discounts given to PBMs and Insurers have offset modest increases in drug prices, and that drug prices have risen at or below the rate of inflation for the past five years. PhRMA argues that practices like forcing patients to pay their deductibles based on the inflated list price of the drug and not the discount price that their insurance companies and PBMs pay is the cause of increased drug prices. PhRMA argues against the proposal to use reference pricing to cap the price of drugs stating that government price controls diminish the market incentive for pharmaceutical companies to develop drugs. PhRMA also raises issues associated with drug safety. Canada has different drug importation laws and allows drug imports from any country, including those in the 3rd world with nearly 85% of drugs sold in Canadian pharmacies originating in countries outside of Canada. PhRMA raises concerns about the ability of state officials to effectively screen and ensure the safety of imported Canadian drugs.

Dawn Holcombe, Executive Director - Connecticut Oncology Association:

Dawn expresses opposition to this bill on the grounds that it would be ineffective at lowering drug costs for patients. Dawn is opposed both the plan to import Canadian drugs and the use of reference pricing to impose price caps on drugs. Health Canada has already expressed opposition to American plans to buy Canadian drugs because it would reduce the drug supply available to Canadians. Dawn further argues that imported drugs pose risks to patients and needlessly increases costs for the state of Connecticut. Dawn also argues that PBMs and Insurers are the root cause of increased drug prices, not the drug manufacturers themselves. Any attempt reduce costs by legislating drug manufactures would be ineffective because they are not responsible for increased drug prices. PBMs negotiate rebates and discounts with the drug manufactures, but don't pass any of those costs savings onto the consumer meaning that consumers will continue to pay an inflated price while PMBs pocket the difference. Setting a price cap on drugs will only drive away pharmaceutical manufactures and could potentially lead to shortages.

Jen Laws, President and CEO -Community Access General Network

Brandon Macsata, CEO – ADAP Advocacy:

Submitted testimony opposing HB6870. They argued that the program to import Canadian drugs, opens Connecticut up to counterfeit Canadian drugs, that Canada lacks the drug

supply to be able to effectively supply the state, and that it would impose costs on the state. They oppose the use of reference pricing because it uses similar language contained in last year's bill which created language that would create prescription drug affordability boards, it overuses reference pricing. They further argue that Pharmacy Benefit Managers, not drug manufacturers, are the ones primarily responsible for increased drug costs. I will now explain their argument of why the Canadian import program would be ineffective. In terms of Reference pricing, Brandon and Jen argue that the language in section 11 of this bill is similar to a bill from last year which proposed the establishment of a "Prescription Drug Affordability Board" which Brandon and Jen argued focused solely on patient affordability without paying mind to the costs associated with the drug supply chain. Finally, Jen and Brandon argue that the because of the Medicaid Drug Rebate Program (MDRP) which helps public health programs help vulnerable patients buy drugs at a discount or rebate some hospitals and health clinics might receive lower reimbursements.

Paul R. Pescatello, Senior Counsel and Executive Director – CBIA Bioscience Growth Council

Paul is opposed to this bill because he believes that there are more effective ways of decreasing the cost of healthcare, that tying the price of drugs is unreasonable, and that there are safety and supply chain issues associated with importing Canadian drugs. Paul opposes the importation of Canadian drugs because he argues that Canada doesn't have enough drug supply to meet American demand. He further argues that Canadian and American regulations surrounding tracking, and safety differ – meaning that the American supply chain would need to absorb liability for the safety and efficacy of Canadian drugs. Paul also cites difficulties that other states have ran into when trying to implement similar Canadian drug importation drugs. Finally, Paul argues that if the point of this legislation is to lower the cost of drugs, then it should allow for the importation of the costliest drugs – biologics, infused, and injected drugs.

Garrett Sheehan, President & CEO – Greater New Haven and Quinnipiac Chamber of Commerce:

Garrett opposes this bill. He argues that implementing price caps without consulting doctors and industry experts could reduce access to critical treatment. He also expressed concern that this legislation does not address out-of-pocket costs meaning the costs associated with bill could be placed on employers and insurers.

Edward Schreiner, Vice President of Network Development – Northeast Pharmacy Service Corporation:

Edward offers general comments about the bill. Edward is in favor of many parts of the bill including efforts to allow pharmacies to sell Canadian drugs but highlights the need for the Department of Consumer Protection to receive approval from the FDA before implementing this program. Edward again, offers support for the effort to limit price increases for generic drugs, but would like to see the like to see the verbiage expanded to include on brand drugs instead of just generics. Finally, Edward would like to see changes to PBMs and the discount-card system. The discount card system currently reimburses pharmacies using the PMB pricing schedule which might not necessarily reflect the pharmacy's acquisition cost meaning they sometimes get reimbursed at a rate below their acquisition costs. Edward also supports efforts that require insurance companies to offer proof of payment. He also supports the lack of a mandate for pharmacies to compare discount programs and insurance rates on behalf of customers stating that it would create a "workflow nightmare."

Jim Vock:

Offered general opposition to this bill.

GENERAL COMMENTS:

Linda Alderman

Testified in partial support of HB 6870. She shared that she is in support of Sections 1-10 of the bill as drafted regarding importation of prescription medications on a wholesale basis to lower prescription drug costs for Connecticut residents. She also shared that she is in support of Section 15, which she believes would give an insured credit towards their deductible for any out-of-pocket expense they pay to a pharmacy for a medication that is lower in cost than the insurance company would have charged under the insured's policy. She shares supports and opposes parts Sections 11-14, which address prescription drug price gauging. She shares that she has concerns that if pharmaceutical companies are forced to take a loss on a generic or patent drug, they might take that drug off the market, and she believes that this would have a significantly detrimental impact on present or future Connecticut residents who need that drug. She shared that she is opposed to the language in Section 14 stating that civil penalties collected for violations should be placed in the State's General Fund to be used for promoting access to affordable health care and reducing the health care costs borne by patients in this state.

Drew Gattine, National Academy for State Health Policy

Shares that the National Academy for State Health Policy is in support of the portion of the bill regarding Canadian importation. Gattine also writes that the Academy supports penalizing manufacturers for unreasonable price increases. He believes that the provisions of HB 6870 that penalize manufacturers for excessive price increases reflect one approach to reining in these costs. Finally, Gattine shared that the Academy believes that the provision in the bill that would allow consumers to count low-cost drug purchases towards their deductibles is an innovative approach to making sure that consumers can afford their drugs by ensuring that they can take maximum advantage of low-cost options.

Jodie Gillon – BioCT

Shared that BIO CT is against rising healthcare costs but feels that this bill could affect the future of the life science industry in the state. They feel that because HB 6870 would establish price controls, it could limit pharmacy options for Connecticut Residents. They feel that it will create a negative regulatory environment for the businesses they are trying to retain and recruit.

Reported by: Conor Grew

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