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**House Bill No 1032 – Prescription Drug Cost Transparency**

Senate Human Services Committee – Sakakawea Room

10:30 AM - Tuesday – March 16<sup>th</sup> 2021

Madam Chair Lee, Members of the Senate Human Services Committee for the record I am Mark Hardy, PharmD, Executive Director of the North Dakota State Board of Pharmacy and I thank you for providing me the opportunity to offer testimony on HB 1032 relative to prescription drug cost transparency.

The Board of Pharmacy has been engaged with the Interim Health Care Committee on this bill draft which is now before your committee. The Board of Pharmacy certainly understands and respects the desires of many to bring transparency to prescription drug costs. We are monitoring many of the initiatives taken by other states, similar to this bill draft, to address the public and patient's concerns with the continued escalation of drug pricing. We, the Board and profession of Pharmacy, found particularly troubling, the testimony we heard during the Interim Committee on the huge amount of prescription drug costs that were attributed to rebates shared between manufacturers and Pharmacy Benefit Managers [PBMs]. The Trump Administration and Center of Medicare through the Medicaid Services has taken notice of these rebates in their recent executive orders.

The Board of Pharmacy stands ready to act on any legislation that the Legislature implements on this topic. The Board does have deep concerns with the tenets of this bill. The amendments made on the House side made this bill a much larger undertaking, with the addition of Wholesalers, Pharmacies and Pharmacy Service Administration Organizations [PSAOs]. The data reporting would prove to be an extensive and extremely expensive software programming that the Board of Pharmacy would undertake to implement this legislation which this amended version would require. We also need to point out that there is no funding mechanism in this legislation that would assist the Board of Pharmacy in this complicated endeavor.

We were not asked for a fiscal note. However, we would anticipate that we see 1-2 additional employees would be needed to collect and monitor the information this Bill requires. There will also be extensive costs associated with a programmed system that would be, hopefully, electronically capturing this information, including pricing and descriptions. Lastly, we would be expected to transmit the appropriate information/data to the ND Insurance Commissioner's Office.

As the Board of Pharmacy is a self-sustaining licensing agency, our only option for revenue is through licensure fees. We would have some opportunity to administratively raise some pharmacy licensure fees. However, it would probably not be sufficient to cover the costs this Bill would cause the Board to incur.

We do feel that drug pricing is and will continue to be an issue that states struggle with trying to enact meaningful legislation as, ultimately the true reform would have to be addressed on a Federal level to achieve any effective change in these convoluted dynamics of entities involved. We have been encouraged by much of the Federal action that has been attempted on drug pricing. However, it remains to be seen how much meaningful change actually occurs moving forward. While everyone points the finger as the various parties involved the true reality of this situation is that the patient care can be compromised when affordability is an issue.

I would be happy to answer any questions you may have and hope to be a resource to you in any way you deem appropriate.