January 26, 2021

Senator Judy Lee
Chair, Senate Human Services Committee
1822 Brentwood Court
West Fargo, ND 58078-4204

Dear Chairwoman Lee and Committee Members,

The Association for Accessible Medicines (AAM) is opposed to Senate Bill 2170, which establishes price controls in the United States based on reference pricing from four Canadian provinces. AAM represents the manufacturers and distributors of generic and biosimilar medications and works to ensure generic and biosimilar medicines are more accessible to the people who need them. Generic medications represent 90% of all prescriptions filled but only 20% of prescription drug spending in the United States. In 2019, the use of generic medicines saved $313 billion nationwide, while use of biosimilar medications saved US patients $2.2 billion.

AAM is opposed to SB 2170 primarily based on its effect on the competitive generic and biosimilar marketplace. While AAM supports the goal of lowering prescription drug costs, the use of reference pricing would not achieve that goal. Instead, reference pricing would undermine savings already delivered through generic competition as well as future savings promised by biosimilar medicines. In fact, biosimilars are projected to save more than $100 billion over the next 4 years alone as generic savings also continue to increase.

The U.S. has the most competitive generic market in the world, with generic savings that increase each year and exceed $2.2 trillion over the past ten years. Generic and biosimilar medicines are developed under a statutory and regulatory framework that provides that once approved by the FDA, they compete against the brand products as well as other approved generics and biosimilars. This direct price competition benefits patients and payers, saving North Dakota almost $915 million in 2019 alone. The use of reference pricing would undermine the competitive market that has worked so well in the U.S. It could also potentially stunt the developing market for biosimilars. These complex drugs offer competition for some of the most expensive disease states to treat, but manufacturers must balance the potential market post-launch before investing the significant research and development costs – which can range from an estimated $100 million to $300 million per drug.

For this and other reasons the AAM is opposed to Senate Bill 2170. Please feel free to contact me at brett.michelin@accessiblemeds.org if you have any questions regarding the AAM or its position on this bill.

Sincerely,

Brett Michelin

Brett Michelin
Senior Director, State Government Affairs