House Human Services Committee
SUPPORT - SB 2170
Prescription Drug Price Indexing
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Chairwoman Lee and members of the Senate Human Services Committee, my name is Josh Askvig, State Director for AARP North Dakota. I appreciate your time today and look forward to working with you on an issue that is crucial to our members and one we are already seeing that they are passionate about.

Before I get into the reasons we are working so hard to fight the high cost of prescription drug prices I'd like to spend just a moment reminding you who we are and why we are here. AARP is a nonpartisan, nonprofit, nationwide organization with nearly 38 million members. 88,000 of those members live in North Dakota – a staggering number when you consider the overall population of our state.

Our story dates back 60 years, to when our founder, Dr. Ethel Percy Andrus found a former colleague of hers living in a chicken coop. I know we talk about that often, but we think it says a lot about why we fight for what we do. A lot of issues touch older Americans and their ability to live safe, independent and healthy lives. Most of our work fits into three areas; helping people choose where they live, remain financially secure and access affordable health care.

The rising cost of prescription drugs hits our members, and frankly all North Dakotans, in all three areas. It's a high priority for us right now, not only at the

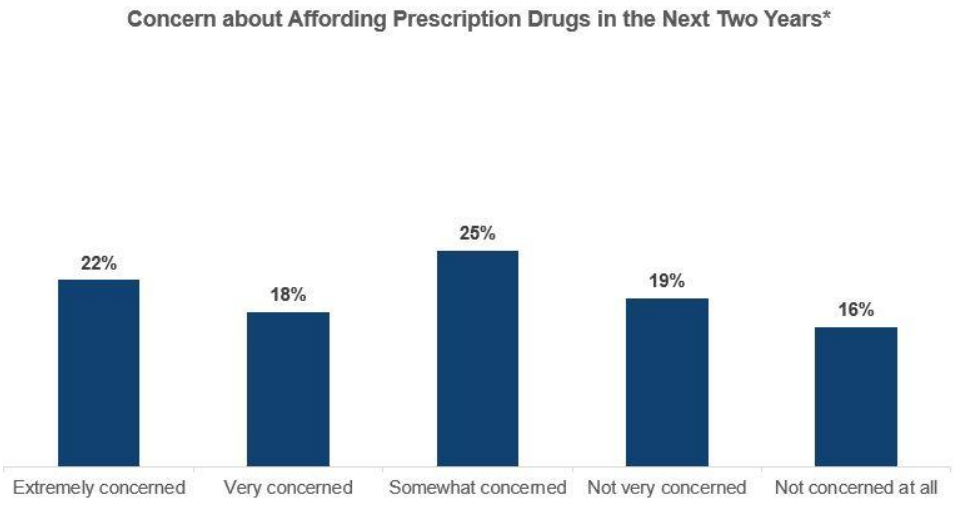
state level, but at the federal level as well. Let me outline just a couple of the reasons why.

The average older American takes 4.5 prescription drugs on a chronic basis. The average annual cost of prescription drug treatment increased 57.8% between 2012 and 2017, while the annual income for North Dakotans only increased 6.7%.

The high cost of prescription drugs doesn't just impact Medicare beneficiaries it impacts all North Dakotans, especially those age 50 and older. In AARP's 2020 survey of North Dakota adults, almost 1 in 4 individuals did not fill a prescription they were prescribed in the last two years. Of those who didn't fill a prescription, 44% of respondents said they had decided not to fill a prescription that their doctor had given them because of the **cost** of the drug. Further, 65% of them are at least somewhat concerned about being able to afford prescription drugs.

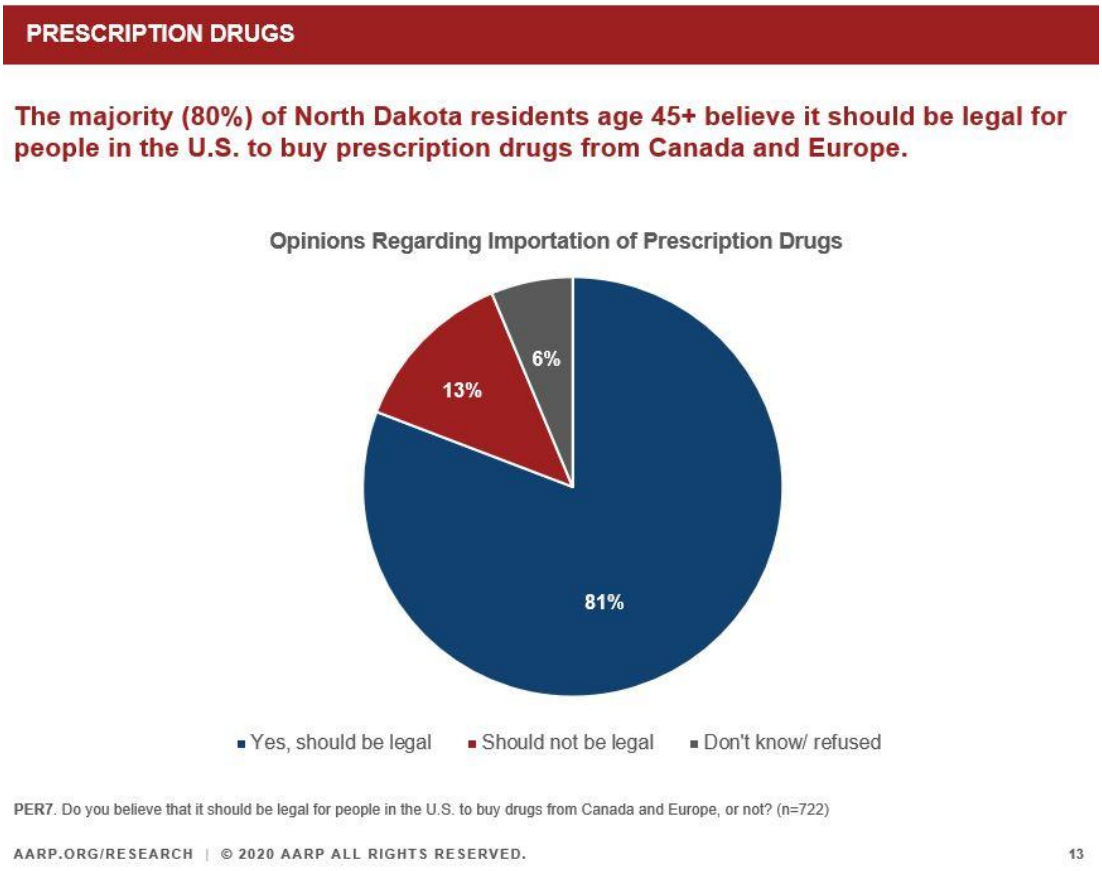
PRESCRIPTION DRUGS

Nearly two-thirds (65%) of North Dakota residents age 45+ are at least somewhat concerned about being able to afford prescription drugs over the next two years.



PER5. How concerned are you about being able to afford the cost of needed prescription drugs over the next two years? (n=722)
*Not equal to one-hundred percent due to removal of small cells; see annotation for all categories

Finally, 81% believe it should be legal for people in the U.S. to buy drugs from Canada.



Attached are two handouts along with my testimony, so you can get a good feel for why North Dakotans often have to make that crushing choice between buying medicine or buying food for themselves or their family. Near the top of the page are three common illnesses in North Dakota – cancer, diabetes and heart disease – with the number of residents of our state who have been diagnosed. More than 60,000 with cancer and nearly as many with diabetes. Below those numbers are common drugs used to treat them and their costs from 2017. Please, take note that we've included what those same drugs cost just five years earlier. **One nearly doubled, another jumped $100,000!**

Now, please take a look at the second fact sheet I included (the yellow one with the circle in the middle). It shows the average annual cost of prescription drug treatment soared more than 57 percent between 2012 and 2017. But, now, look at income. The average income in North Dakota increased just 6.7 percent. It's no wonder people are concerned.

And finally, on our Facebook page you can see some videos of North Dakotans facing these costs. There is one from Pat who told us a drug she took 10 years ago was $60. Now she pays $600! And Roger, who you will hear from today, who has found a way to self-import the leukemia drug he needs from Canada, saw the price of his medicine jump from 10 bucks to 24-hundred bucks in a month! Why? Simply because he moved from his PERS plan to Medicare.

Drug prices in other countries are often many times lower than in the United States. SB 2170 which is based on a model bill developed by the National Academy for State Health Policy or NASHP, determines payment rates for certain prescription drugs based on international prices, and establishes the referenced rate as the upper payment limit for payers within a state.

SB 2170- which would outline a process for setting a payment rate in reference to international prices does not dictate what a manufacturer can charge for a drug – but it does limit how much payers in a state pay- is one approach that some states are considering to relieve consumer's financial burdens. This bill proposes using price data from the four most populous Canadian provinces (Ontario, Quebec, British Columbia, and Alberta) to compare drug prices between the United States and Canada. After that comparison the bill uses the lowest price as the referenced rate for payers in a state. If prices are not available for the provinces, the model act instead refers to the ceiling price set by Canada's Patented Medicine Prices Review Board (PMPRB) for referenced rates, which are posted online.

Prices in Canada can be dramatically lower than in the United States. While a number of states have passed laws to import drugs from Canada in order to

capture those savings, this model act allows a state to “import” the drugs’ prices instead of the actual drugs.

For example, the drug Xeljanz is $76.07 for a 5-mg tablet in the United States, while the lowest price for the drug across Canada’s four largest provinces is $16.96. The table below from NASHP provides additional comparisons, with savings ranging from 60 to 85 percent off US prices, for an average savings of 75 percent for these examples.

Drug*	US (NADAC)**	Quebec	Alberta	Ontario	British Columbia	Canadian PMPRB Maximum Price
Xeljanz [5 mg] *(rheumatoid arthritis)*	**$76.07**	$16.96	$ 17.49	$17.59	$ 18.47	$21.28
Eliquis [2.5 mg] *(anticoagulant)*	**$7.53**	$1.17	$1.19	$1.19	$1.29	$2.78
Eplcusa [400/100 mg] *(hepatitis C)*	**$869.05**	$521.43	$521.43	$521.43	$531.86	$722.86
Zytiga [250 mg] *(cancer)*	**$87.63**	$20.68	+	+	+	$36.96

* Prices, effective as of June 2020, represent unit cost (i.e., per tablet, pill, etc.) in US dollars, converted at an exchange rate of $1 CAN = 73 cents USD.

+ Price not available online.

International referenced rates is a cost savings strategy, allowing states to import more affordable drug payment rates from Canada as an alternative to importing

actual drugs. Furthermore, federal law prohibits the importation of several major classes of drugs, such as controlled substances, biological products, infused and parenteral drugs, intravenously injected drugs, and drugs inhaled during surgery. International referenced rates can help reduce costs for drugs that are ineligible for importation – for example Humira, a medication for rheumatoid arthritis.

Rate setting is already in use. For example, determining maximum payment levels or payment rates for health care and other public goods is a practice that has existed for decades. States regulate insurers and other public goods and services in markets with little or no market competition and set payment rates for health services through their public purchasing. This bill extends that precedent to prescription drugs by using Canadian prices as reference points to set fair payment rates.

Under SB 2170, as outlined on page 3, lines 16-25 directs participating plans to utilize savings to reduce costs for their members. Participating plans must submit a report to the Insurance Commissioner indicating how much they saved by participating and how they passed those savings on to consumers. Self-insured plans that elect to opt-in to the program must also accept these terms as conditions for their voluntary participation.

Thank you again for your thoughtful work on this issue. We wholeheartedly appreciate the effort to make medicine more affordable. This bill is a step in the right direction and we look forward to working with you to make it the best possible bill for North Dakotans.