

The high cost of prescription drugs impacts all North Dakotans, especially those 50 and older. That's why AARP North Dakota supports policy solutions to help lower prescription drug costs, including SB 2031, the ND Public Employees Retirement System (ND PERS) Prescription Drug Pilot Program. This bill uses international reference pricing which allows states to import more affordable drug payment rates from Canada as an alternative to importing actual drugs. It is the first step toward lowering Rx drug prices for all North Dakotans.

## What are the key features of SB 2031?

The bill is based on a model international reference pricing bill developed by the National Academy for Health Policy (NASHP) with a few differences:

- It's a pilot project with a sunset clause and only applies to the 25 most costly drugs to the Public Employee Retirement System (PERS).
- The model bill applies to the top 250 most costly drugs.
- Sets reference prices based on Canadian prices for the drugs
- Requires payors to pay no more than the reference price or face a penalty
- Savings from the program must be used to reduce costs to the consumer
- Penalties for any drug manufacturer for withdrawing from the market in the state
- Reporting requirements include an annual form demonstrating savings by each payor and a final report.
- Violations are a Class A misdemeanor instead of the \$1000/day fine found in the model bill.

## What is international reference pricing?

International reference pricing uses the price paid for certain drugs in other countries (e.g. Canada) to establish an upper payment limit for those drugs for payors within the state that enacts the law.\*

## How will SB 2031 work if it passes?

If SB 2031 passes, a process will be established to determine upper payment limits for the 25 prescription drugs currently included in the bill and part of North Dakota's Public Employee Retirement System (PERS). The upper payment limit will reflect the lowest price found across the four most populous Canadian provinces, and is the most that purchasers can pay, leaving manufacturers free to set prices. Should the pilot program prove successful, lawmakers may decide to expand the program in the future.

## Do prescription drugs cost less in Canada?

Yes, when you look at all brand-name drugs, Canadian drug prices are about 30% of the price in the United States. And when you compare the 200 top-selling, brand-name drugs in both countries, Canadian prices are 35% of those in the United States.\*\*

## How is international reference pricing different than wholesale or individual importation?

Unlike wholesale or individual prescription drug importation, international reference pricing allows states to import more affordable drug payment rates rather than importing actual drugs.

## Are other states considering similar legislation?

Yes, as of 2021, a similar bill was introduced and passed in Maine. In addition to North Dakota, other bills have been introduced in New York, Hawaii, North Carolina, Oklahoma, and Rhode Island.

## Will policies like prescription drug international reference pricing save the state and consumers money?

Yes. The US pays the highest prices for prescription drugs in the world. By importing the prices of the 25 most expensive drugs, the state of North Dakota will reduce its overall expenditures on drugs and, depending on how the state program is structured, can pass on those savings on to North Dakotans impacted by the program.

The graphic features the word "SICK" in large, bold, black letters, each letter contained within a white oval with a red border. Below this, the phrase "OF HIGH DRUG PRICES?" is written in white, bold, sans-serif capital letters against a red background.

## For more information contact:

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*[\\*An Act to Reduce Prescription Drug Costs Using International Pricing \(nashp.org\)](#)*

*[\\*\\*https://waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/U.S.%20vs.%20International%20Prescription%20Drug%20Prices\\_0.pdf](https://waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/U.S.%20vs.%20International%20Prescription%20Drug%20Prices_0.pdf)*

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*[\\*\\*\\*2022 State Legislative Action to Lower Pharmaceutical Costs \(nashp.org\)](#)*