



House Bill 1543– Support
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House Human Services
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Chairman Ruby and members of the House Human Services Committee, my name is Janelle Moos, Associate State Director of Advocacy with AARP North Dakota. AARP is a nonpartisan, nonprofit, nationwide organization with nearly 38 million members. Approximately, 82,000 of those members live in North Dakota.

There is no reason why Americans should continue paying the highest prices in the world for prescription drugs – three times what other nations pay for the same drugs. For years, prescription drug price increases have dwarfed even the highest rates of general inflation. Between July 2021 and July 2022 alone, big drug companies raised list prices faster than inflation on more than 1,200 prescription drugs – rising an average of 31.6%.

The good news is that due to the Federal Inflation Reduction Act (IRA) of 2022, some relief is coming to some North Dakotans. The IRA included provisions that will allow Medicare to negotiate the price of some prescription drugs. Reference pricing uses the negotiated Medicare Maximum Fair Price (MFP) rates as reference rates to set upper payment limits. With the passage of the Inflation Reduction Act, Medicare, for the first time, has begun to negotiate the price of certain high-cost drugs. The first negotiated prices will take effect in 2026. The full roll out is:

- 2026: A maximum of 10 drugs will be negotiated.
- 2027: Another maximum of 15 drugs will be negotiated.
- 2028: Another maximum of 15 drugs will be negotiated.
- 2029: Another maximum of 20 drugs will be negotiated this year and every year after that.¹

The National Academy for State Health Policy (NASHP) has an FAQ, a blog post, and a model bill that can be found here- <https://nashp.org/model-legislation-and-contracts-prescription-drug-pricing/>

The Congressional Budget Office in their February 2023 “estimated that price negotiation will lower average drug prices paid by Medicare and will reduce the budget deficit by \$25 billion in 2031. Part D spending will be \$14 billion lower than it would have been, Part B drug spending will be \$9 billion lower, and other federal spending will be \$1 billion lower on net.”² This demonstrates the costs savings for both seniors and the Medicare program.

House Bill 1543 would allow Legislative Management to study the federal drug negotiations under the IRA and the overlap with current drugs paid for by the public employees retirement system to determine usage and potential cost-savings to the state and consumers.

All North Dakotans deserve to benefit as much as possible from the historic IRA provisions that will allow Medicare to negotiate prices and set Maximum Fair Prices. Please take this important step to study prescription drug costs by recommending passage on House Bill 1543.

Thank you.

¹ Bunis, Dena www.aarp.org 8.15.22 <https://www.aarp.org/politics-society/advocacy/info-2022/medicare-drug-price-negotiations.html>