



House Human Services Committee

**HB 1032**

**Prescription Drug Cost Transparency**

January 6, 2021

Josh Askvig, AARP North Dakota

[jaskvig@aarp.org](mailto:jaskvig@aarp.org) – (701) 355-3642

Chairman Weisz and members of the House 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 reason 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. 86,000 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.

In AARP's 2020 survey of North Dakota adults, in the past two years, one-quarter reported not filling a prescription that was provided by their doctor- 44 percent of those adults- decided not to fill a prescription that their doctor had given them because of the **cost** of the drug.

And as you can see in one of my handouts in the circle in the middle between 2012 and 2017, the average annual cost of prescription drug treatment increased 57.8 percent, while the annual income for North Dakotans only increased 6.7 percent.

Increasing drug prices hit older North Dakotans particularly hard. Most Medicare beneficiaries live on relatively modest incomes. A Kaiser Foundation study from 2016 shows the **median income for Medicare recipients is just over \$26,000** – and a quarter of the people hover closer to \$15,000. They also have very little savings. Half the Medicare population has less than \$75,000 saved up. Their ability to absorb increasingly expensive prescription drugs is nearly impossible. Many people we have talked with recently tell us they have to make difficult decisions about how to live because of the price of those drugs.

On a second handout you can get a good feel for why they have to make that crushing choice. 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!**

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 has found a way to 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? Because he moved from his great PERS plan to Medicare.

Now, we know states can't solve this problem alone. But there are some things that can be done and we appreciate this committee's willingness to bring this issue to the forefront. We believe transparency from manufacturers, PBMs and insurance companies can help the state and consumers get a handle on these increasing prices and be prepared for when things are going to change. We appreciate that the bill draft in its current form addresses transparency at all three levels. Furthermore, the thorough description of what should be disclosed is encouraging.

We do, however, have a couple of suggestions.

On page one of the bill, we would suggest deleting the lines 18-20 (the definition of "Manufacturer-packaged drug container") and replacing with "Wholesale acquisition cost (WAC) Unit' means the lowest identifiable quantity of the drug or biological that is dispensed, exclusive of any diluent without reference to volume measures pertaining to liquids. If reporting by drug group as indicated by the State Board of Pharmacy, it is the total number of WAC units in the drug group."

Next, under section 2, subsection A, at the top of page 3 is unclear because it does not set a timeframe for the cost of the drug. Meaning, it states "a cost of \$70 or more" but does not say whether that \$70 is incurred for one pill, one month's supply or one year's supply. We believe the language should be clarified to specify the timeframe.

In addition, under Section 2, subsection a on page 3 we'd suggest adding per WAC unit to line 6 as follows "...acquisition cost of seventy dollars or more per WAC Unit for a manufacturer-packaged drug..."

Also, and more importantly, we believe an independent board or committee should receive the report and that the report should be presented in a way

consumers can understand it. Maybe the State Board of Pharmacy has time to receive this report, sort through it and make it understandable. But we think the Board likely already has enough to deal with. A transparency bill should be about getting information to the general public in a way that interested North Dakotans can not only access it, but understand it. An independent board should review prices and allow for consumer review and input.

Again, we fully appreciate the positive momentum nationwide and in North Dakota to truly affect change in this alarming pocketbook issue. Medicare Part D enrollees take an average of four-and-a-half prescriptions per month and more than two-thirds have two or more concurrent chronic illnesses. These patients will likely be taking their medicine every year for the rest of their lives.

That makes this issue relevant not only to the thousands of individual North Dakotans fighting disease, but it also affects those paying for health coverage and to the state. Spending increases driven by escalating drug prices are passed along to everyone with health insurance coverage in the form of higher premiums and deductibles. It increases costs for taxpayer-funded programs too – making this a relevant issue for every North Dakotan whether they are taking prescription medicine or not.

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

Thank you.