March 19, 2021

Representative Mike Lefor
Chairman, House Industry, Business and Labor Committee
State Capitol
600 East Boulevard
Bismarck, ND 58505

Dear Representative Lefor,

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 these 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 U.S. patients $2.2 billion.

AAM is opposed to SB 2170 due to its effect on the competitive generic and biosimilar marketplace. AAM supports the goal of lowering prescription drug costs, however the use of reference pricing would not achieve this. Instead, reference pricing undermines 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 while savings from the use of generic medications also continues to increase.

The U.S. has the most competitive generic market in the world and saving the U.S. $2.2 trillion over the past ten years. Generic and biosimilar medicines are developed under a statutory and regulatory framework that provides, once approved by the FDA, they compete against brand products as well as other approved generics and biosimilars. This direct price competition benefits patients and payers, saving North Dakota nearly $915 million in 2019 alone. The use of reference pricing would undermine the competitive market and potentially stunt the developing market for biosimilars. These complex drugs offer competition for some of the most expensive drugs used to treat patients and 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 these 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