



March 12, 2021

Senator Judy Lee  
Chairwoman, Senate Human Service Committee

Dear Senator Lee,

The Association for Accessible Medicines (AAM) is opposed to House Bill 1032. AAM is the leading trade association for generic and biosimilar manufacturers. Its core mission is to improve the lives of patients by advancing timely access to affordable, FDA-approved generic and biosimilar medicines.

North Dakota saved over \$914 million by using generic medications in 2019 alone. In fact, 90% of all prescriptions are filled with generic drugs yet these account for only 20% of all drug spending. Unfortunately, HB 1032 will not lead to lower costs for patients and could result in additional confusion.

The bill requires manufacturers to report the wholesale acquisition cost (WAC) for every drug sold into the state. However, the WAC has little to do with what a patient pays at the pharmacy counter because that is established by the insurer and pharmacy benefit manager—not the generic manufacturer. Reporting, and posting by the state, of thousands of generic drugs will not provide beneficial information for patients as they have little control over which product of the very same drug will be dispensed by the pharmacy. For example, there are 38 manufacturers of the generic form of Prozac with WACs ranging from \$1.61 to nearly \$800. However, the patient cost, as established by the insurer and PBM, will be the same at a pharmacy regardless of which manufacturers product is used. The wholesaler and pharmacy have the incentive to purchase the lowest cost generic product and it is this competition that saves patients money. In fact, 92% of all generic prescriptions are filled for \$20 or less.

Further, the bill requires manufacturers to report an increase in the WAC of 40% over five years or 10% over the preceding 12 months for any drug with a WAC over \$70. This provision will only impact generic drugs—which are not driving the increasing costs of healthcare. Studies show generic drug spending is only 3% of the total of U.S. healthcare costs and brand drugs are 10%. However, this bill will not capture an expensive brand drug costing \$10,000 that increases by 9% or \$900. But, it will capture a lower price drug costing \$2.50 that increases 10% or \$0.25. This bill will not result in lower costs for the state or patients.

Should you have any questions regarding AAM's opposition to this bill, please feel free to contact me at [brett.michelin@accessiblemedicines.org](mailto:brett.michelin@accessiblemedicines.org).

Sincerely,

A handwritten signature in black ink that reads 'Brett Michelin'.

Brett Michelin  
Senior Director, State Government Affairs  
Association for Accessible Medicines

Cc: Senate Human Service Committee