

Lowering Prescription Drug Costs Transparency Frequently Asked Questions



The rising cost of prescription drugs impacts all North Dakotans, especially those 50 and older. That's why AARP North Dakota is supporting two policy solutions to help lower prescription drug costs: wholesale importation and transparency.

Prescription Drug Cost Transparency

Q. What is transparency?

A. Transparency bills require pharmaceutical companies to provide specific information about their pricing practices. Transparency legislation generally requires pharmaceutical companies to provide information about how a drug is priced, and to justify large price increases (or launch prices) that exceed a predetermined threshold.

Q. What does a transparency law mean for consumers?

A. Transparency bills, while by themselves do not reduce prescription drug prices, are important building blocks for other legislative efforts that can more directly address costs. In addition, transparency laws may provide consumers with advance warning of increases in their drug costs, allowing consumers to discuss lower cost alternatives with their health providers. Moreover, in order to avoid reporting requirements set forth by transparency laws, manufacturers may limit their price increases to keep them below the reporting threshold. The principle behind the bills is that increased disclosure around pricing practices will result in more meaningful and actionable information for states and accountability for manufacturers. Drug pricing transparency legislation will also help payers determine whether a drug price or price increase is justified.

Q. Where has this state legislative policy been enacted?

A. In 2016, Vermont passed the nation's first transparency law, which has led to many state legislatures considering bills requiring more disclosure and transparency from drug manufacturers. In total, 12 states (CA, CT, CO, ME, MN, NH, NV, MD, OR, TX, VT, WA) have enacted drug transparency laws. In 2019, approximately 27 states filed 53 bills on transparency with 6 states (CO, ME, NV, OR, TX, WA) successfully passing Rx transparency laws in 2019.

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