



Senate Human Services Committee

**HB 1032**

**Prescription Drug Cost Transparency**

March 16, 2021

Kathi Schwan, Volunteer State President

AARP North Dakota

Chair Lee and members of the Senate Human Services Committee,

My name is Kathi Schwan, Volunteer State President, for AARP North Dakota. I live in West Fargo and have been involved in AARP for several years before my current two terms as President. It has provided me a unique understanding of the needs of the 50+ in every corner of ND.

I appreciate your time today and look forward to talking with you about an issue that is crucial to our members and one that you've already heard they are passionate about during the first half of the legislative session.

Before I get into the reasons 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. 88,000 of those members live in North Dakota – a staggering number when you consider the overall population of our state.

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.

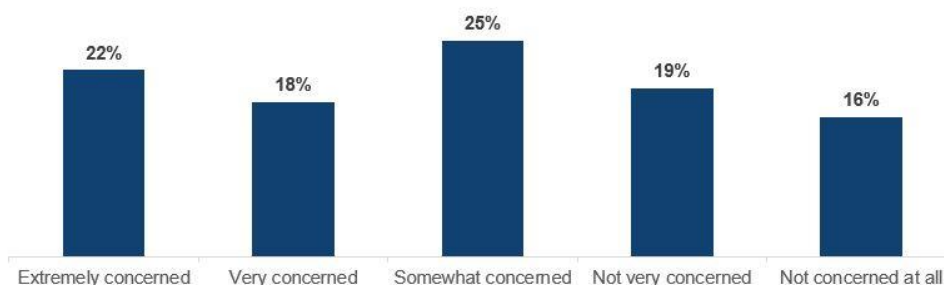
The average older American takes 4.5 prescription drugs on a chronic basis. The average annual cost of prescription drug treatment increased 57.8% between 2012 and 2017, while the annual income for North Dakotans only increased 6.7%.

The high cost of prescription drugs doesn't just impact Medicare beneficiaries it impacts all North Dakotans, especially those age 50 and older. In AARP's 2020 survey of North Dakota adults, almost 1 in 4 individuals did not fill a prescription they were prescribed in the last two years. Of those who didn't fill a prescription, 44% of respondents said they had decided not to fill a prescription that their doctor had given them because of the cost of the drug. Further, 65% of them are at least somewhat concerned about being able to afford prescription drugs.

#### **PRESCRIPTION DRUGS**

**Nearly two-thirds (65%) of North Dakota residents age 45+ are at least somewhat concerned about being able to afford prescription drugs over the next two years.**

Concern about Affording Prescription Drugs in the Next Two Years\*



PER5. How concerned are you about being able to afford the cost of needed prescription drugs over the next two years? (n=722)

\*Not equal to one-hundred percent due to removal of small cells; see annotation for all categories

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.

One of the most staggering statistics I've seen is on a sheet included in the packet I handed out. **Twenty-eight percent** of people, when faced with the cost of the medicine they need, choose not to take it – not to pay for it. That's more than one in four.

On that same 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!**

There is much talk about the low cost of drugs in Canada. We are familiar with the Canadian reputation for safety standards. However, many ND snowbirds fly to Arizona in the winter. From there, they travel to a city called Los Algodones, 5 miles south of Yuma, where they find incredible prices on pharmaceuticals they can't afford in ND.

Why pay \$168 for a single tube of Retina-A for your skin cancer, when you can get two tubes for \$2.50 in Mexico? Or \$300 for a single, tiny 30-drop bottle of Restasis eye drops when you can pick up a 6 month supply for \$25? Many of these

products are manufactured in the US, but sold more inexpensively across the border.

While this bill does not deal with prescription drug importation, I know your committee considered several bills that did, in the first half of the session. Transparency bills, like HB 1032, are ***important building blocks for other efforts, like importation***. This bill can help shed some additional light for consumers on what is driving price increases. It lays out specific reporting requirements that can help inform you as policy makers and us as consumers to understand when prices will increase and what drives those increases. It may also shed some light on why we pay so much more here than what you see and hear from snowbirds. *The Mexican vendors are so familiar with North Dakotans, they sell NDSU and UND souvenirs in their gift shops.*

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.

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,

Kathi