



Senate Human Services Committee

SB 2212

Prescription Drug Cost Importation

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Chair Lee and members of the Senate Human Services Committee,

My name is Janelle Moos, Associate State Director of Advocacy 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 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. 84,000 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, not only at the state level, but at the federal level as well. Let me outline just a couple of the reasons why.

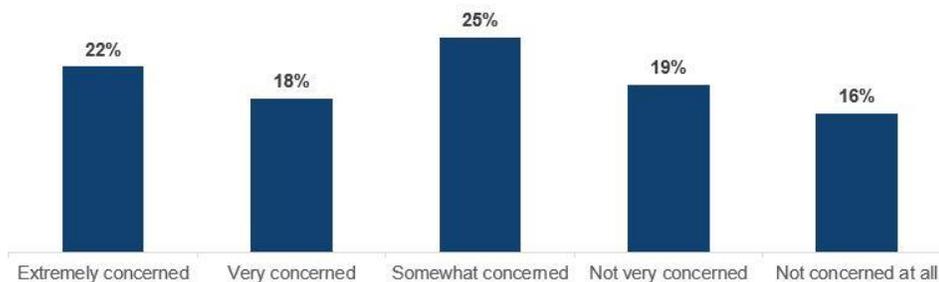
The average older American takes 4.5 prescription drugs on a chronic basis. The average annual cost of prescription drug treatment increased 57.8% between 2012 and 2017, while the annual income for North Dakotans only increased 6.7%.

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*



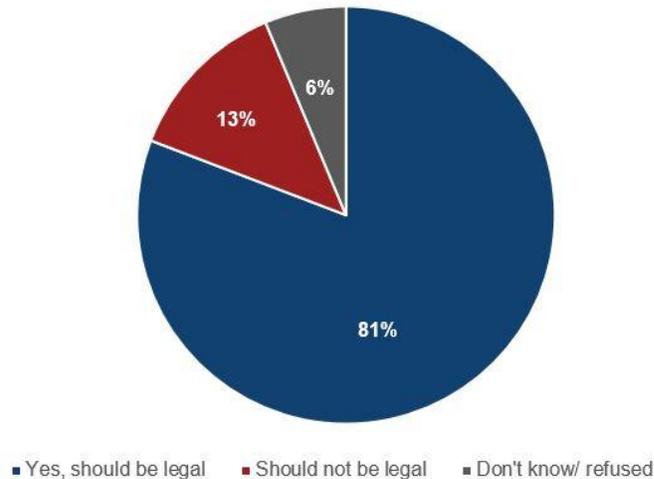
PER5. How concerned are you about being able to afford the cost of needed prescription drugs over the next two years? (n=722)
*Not equal to one-hundred percent due to removal of small cells; see annotation for all categories

Finally, 81% believe it should be legal for people in the U.S. to buy drugs from Canada.

PRESCRIPTION DRUGS

The majority (80%) of North Dakota residents age 45+ believe it should be legal for people in the U.S. to buy prescription drugs from Canada and Europe.

Opinions Regarding Importation of Prescription Drugs



PER7. Do you believe that it should be legal for people in the U.S. to buy drugs from Canada and Europe, or not? (n=722)

Attached are two handouts along with my testimony, so you can get a good feel for why North Dakotans often have to make that crushing choice between buying medicine or buying food for themselves or their family. 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!**

Now, please take a look at the second fact sheet I included (the yellow one with the circle in the middle). It shows the average annual cost of prescription drug treatment soared more than 57 percent between 2012 and 2017. But, now, look at income. The average income in North Dakota increased just 6.7 percent. It's no wonder people are concerned.

And finally, 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 you will hear from today, 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.

Prescription drug wholesale importation programs, like the one outlined in SB 2212- which would be administered by the ND Department of Health- is one approach that states are considering trying to relieve consumer's financial burdens as it relates to prescription drugs.

I'd like to walk you through some of the common questions you may have heard related to wholesale prescription drug importation programs. I've included a copy of this handout along with the citations for the data and studies I will be referring to.

So, what is wholesale importation? And how is it different that personal or individual importation?

The majority of proposals moving through state legislatures intend to establish importation programs for the state to administer. This is different from personal importation, whereby an individual buys drugs directly from a pharmacy in another country. Personal importation is already allowed by the FDA under certain circumstances. A state-administered wholesale Canadian drug importation program can assure product safety, potency, and purity, as well as consumer cost savings.

Why are we focused on Canada?

The primary reason is that the safety, development and approval standards for prescription drugs in Canada are similar to standards to the U.S. Both the U.S. and Canada have strong clinical trial structure, data and reporting requirements, and post approval measures. And U.S. standards for manufacturing and handling of prescription drugs are similar to those of Canada and the two countries have a long-standing reciprocity agreement for sharing information about manufacturing and compliance.

Has the federal government outlined a process for wholesale importation?

Under the Federal Food, Drug, and Cosmetic Act, the U.S. Secretary of Health and Human Services has the authority to allow for the importation of certain drugs if safety and consumer savings can be assured. The Federal government drew on this authority when it published a final rule on importation in September 2020. The Final rule provided some broad parameters for a state importation program. A state may only import drugs that are currently marketed in the U.S. and approved by Health Canada, and, other than the labeling, meet the conditions in an FDA-approved new drug application (NDA) or abbreviated new drug application (ANDA).

Under this rule, a state-administered wholesale drug importation program could be structured in a variety of ways and could:

- Be available to all state residents or just people covered under state payer programs (such as Medicaid, state employees, or prisons);
- Include all state-licensed payers, distributors, and dispensers, or just a subgroup; and
- Include many drugs or just a small number of products.

Again, the program outlined in SB 2212, would not be a program of personal importation, but instead the state itself would contract with a fully licensed,

regulated supplier from Canada or another country that is required to provide only drugs that are fully regulated and compliant with that country's laws.

Several other states have considered similar legislation including Vermont, in 2018, three other states (Florida, Colorado and Maine) in 2019, and last year New Mexico and New Hampshire passed laws. Similar bills have been introduced in another 21 states across the country.

It is no secret that the US pays the highest prices for prescription drugs in the world. By importing equally safe, less expensive drugs, North Dakota can anticipate reducing our overall expenditures on drugs and, depending on how the state program is structured, can pass on those savings on to North Dakotans who are impacted by the program. Establishing an importation program may take time but fiscal analyses estimate significant savings for the state and consumer. AARP believes that such efforts should be implemented in conjunction with other policy changes that will help reduce prescription drug prices.

Doesn't importation put research and development at risk?

Big Pharma currently spends nearly 80% on something other than research and development and there is tremendous crossover among the manufactures selling drugs in Canada and the US. Currently, there is more than 30 Canadian drug manufacturers are FDA-registered to produce drugs for US markets.

Thank you again for your thoughtful work on this issue. We wholeheartedly appreciate any effort to make medicine more affordable. North Dakota should not sit on the sideline. We should be taking action to help consumers afford their medicines. This bill is a step to do so and we look forward to working with you to make it the best possible bill for North Dakotans.