

Issue: AZ Prescription Drug Pricing

## Talking Points: Prescription Drug Pricing

Americans pay the highest prescription drug prices in the world. Drug prices rose at three times the rate of inflation between 2007 and 2018. A quarter of adults in the United States report difficulty in affording their drugs. Three in 10 report that in 2018, they did not take full doses as prescribed because of the drugs' cost. Three in 10 of those skipping medications say their conditions have deteriorated— about 8% of the public overall.

Congress has blocked Medicare from negotiating directly with pharmaceutical companies. In 2017, Medicare could have saved \$4.4 billion of the \$7.3 billion it spent on insulin had it been able to use the prices negotiated by the Veterans' Administration. In 2016, Medicare could have saved an additional \$14.4 billion from an estimated \$32.5 billion in spending if it used the VA-negotiated prices for its 50 costliest oral drugs.

The federal government has the most levers available to control prescription drug prices but has done little. Most of those in the complex web of firms that make and distribute prescriptions— manufacturers, wholesalers, pharmacies, pharmacy benefit managers, and insurance companies—are national; it's hard for states to control most prices but most are attempting to do so, out of necessity.

Compounding the problem, pharma companies are some of the most profitable in the world. Using its wealth, the industry is one of the most powerful lobbies in the country. More lobbying money is spent on health care than any other economic sector—\$297 million in 2019 alone.

### States Step up with Solutions

State legislatures are becoming increasingly active in their efforts to curb prescription drug costs. In 2019 alone, 33 states enacted 51 laws to help control drug prices. Recent legislative efforts include:

- Drug Cost Review Boards
- Purchasing consortiums
- Prohibiting price gouging/limiting out-of-pocket costs
- Regulating Pharmacy Benefit Managers (PBMs)
- Drug importation from Canada
- Industry consolidation oversight
- Pricing transparency measures

### Arizona Legislation

Arizona has made some progress in chipping away at these issues—a tip in the iceberg in efforts required to stem the drug pricing tide particularly in a post-COVID world:

- 2019 HB 2285 passed; provides transparency in pricing by PBMs; and PBMs may not prohibit in-network pharmacies from dispensing 90-day prescription fills.
- 2019 HB 2166 passed; requires health insurers to include any cost sharing amounts paid.

- 2018 session HB 2107 passed; prohibits PBMs from penalizing a pharmacy for informing a patient of a lower cost alternative; prohibits “claw backs,” where insured patients pay more in copays than pharmacies receive in reimbursements.
- Several other prescription drug pricing bills were proposed in the 2020 session, but none passed prior to the early *sine die* adjournment due to COVID-19. These tabled bills included an important Democratic effort to cap drug prices which never made it off the Republican-controlled Senate floor.

See [Prescription Drug Pricing \[https://www.localmajority.org/research-reports/#AZ\\_PrescDrugs\]](https://www.localmajority.org/research-reports/#AZ_PrescDrugs) for our complete report.