

Issue: PA Health

Talking Points: Prescription Drug Pricing

Americans pay the world's highest prescription drug prices. Drug prices rose at triple 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 didn't take full prescribed doses because of the drugs' cost. Three in 10 of those skipping medications say their conditions deteriorated—about 8% of the public overall.¹

Congress has blocked Medicare from negotiating directly with pharmaceutical companies. In 2017, Medicare could have saved \$4.2 billion of the \$7.3 billion it spent on inhalers had it been able to use the prices negotiated by the Veterans' Administration.² Medicare could have saved \$14.4 billion in 2016 from roughly \$32.5 billion it spent had it used VA-negotiated prices for the top 50 oral drugs.³

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 prescription drugs—manufacturers, wholesalers, pharmacies, pharmacy benefit managers, and insurance companies—are national; it's hard for state regulations to control most prices. But there are some things states can do.

In Pennsylvania, 12 separate House or Senate bills are currently languishing in committees controlled by Republicans. Many of these would increase pricing transparency. One would cap the monthly cost of insulin at \$100 for insured patients. One would create a Prescription Drug Affordability Board. None has been enacted.

While Pennsylvania sits on legislative proposals, here's what other states have done:⁴

- Colorado and Illinois capped the price of insulin at \$100 a month. New Mexico capped the co-payment at \$25 per prescription.
- Colorado, Florida, and other states legalized the importation of drugs from Canada should the federal government lift its ban.
- Maryland created a Drug Control Review Board.
- California enacted a price transparency law. When the price of a drug passes a fixed threshold, the manufacturer has to provide information justifying the increase.

¹<https://www.kff.org/health-costs/press-release/poll-nearly-1-in-4-americans-taking-prescription-drugs-say-its-difficult-to-afford-medicines-including-larger-shares-with-low-incomes/>

² <https://jamanetwork.com/journals/jamainternalmedicine/article-abstract/2759734>

³ <https://jamanetwork.com/journals/jamainternalmedicine/fullarticle/2720124>

⁴ <https://www.nashp.org/rx-legislative-tracker/>