



Testimony of Matthew Netto, AARP Rhode Island
In support of House Bill 7042
House Committee on Health and Human Services
February 29, 2024

Chairwoman Donovan and members of the House Health and Human Services Committee:

My name is Matt Netto, and I am the Associate State Director of Advocacy for AARP Rhode Island. AARP is a nonpartisan, social mission organization with 38 million members nationwide and nearly 125,000 members here in Rhode Island. We advocate on behalf of issues that impact older adults, and we appreciate the opportunity to offer our support for regulating price increases for prescription drugs as House Bill 7042 from Representative Potter is intended to do.

House Bill 7042 would regulate price increases for prescription drugs. Any unsupported price increase of a prescription drug would be subject to a penalty equal to eighty percent (80%) of the difference between the revenue generated by the sales of the prescription drug and the revenue that would have been generated if the manufacturer had maintained the wholesale acquisition cost from the previous calendar year, adjusted appropriately for inflation.

House Bill 7042 is based off the National Academy for State Health Policy's (NASHP) model legislation called an Act to Protect Consumers from Unsupported Price Increases on Prescription Drugs. This proposal differs from NASHP's earlier approaches. Its anti-price-gouging model law (An Act to Prevent Excessive and Unconscionable Prices for Prescription Drugs) empowers state attorneys general to take action on generic drug prices that meet a threshold of excess price increases. This new model includes both generic and brand-name drugs and minimizes the administrative burden of implementation by states.¹

A 2019 study from the Institute for Clinical and Economic Review (ICER) showed that in 2017 and 2018, out of nine identified drugs that had substantial price increases on top of already high current spending, seven drugs had no new important evidence to support their price increases. The net price increases on these seven drugs alone cost American insurers and patients an additional \$4.8 billion over two years.

These seven drugs, in order of the impact of their price increases on drug spending in the US, are:

Humira® (adalimumab, AbbVie)

¹ Reck, Jennifer & Riley, Trish nashp.org <https://nashp.org/nashps-new-model-law-penalizes-drug-manufacturers-for-unsupported-price-hikes/>

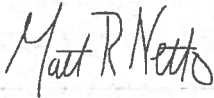
Lyrica® (pregabalin, Pfizer)
Truvada® (tenofovir disoproxil fumarate, Gilead)
Rituxan® (rituximab, Genentech)*
Neulasta® (pegfilgrastim, Amgen)
Cialis® (tadalafil, Eli Lilly)
Tecfidera® (dimethyl fumarate, Biogen)²

It's time to stop drug company price gouging of Americans, employers, and taxpayers with prices that are 3 times more than what people in other countries pay for the same medications.

AARP supports efforts to combat unsupported price hikes and believes that federal, state and local governments should ensure that prescription drug launch prices and subsequent pricing decisions are reasonable, justified, and support improved consumer access and affordability.

Thank you for the opportunity to testify this evening.

Sincerely,



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² <https://icer.org/explore-our-research/policy-papers/unsupported-price-increase-2019/>