

February 29, 2023

Rhode Island State House
House Committee on Health and Human Services

Re: Comments on H-7042, Prescription Drug Unsupported Price Increases

Dear Chair Donovan and Members of the House Committee on Health and Human Services:

RIPIN thanks the House Committee on Health and Human Services for the opportunity to submit this testimony with regard to H-7042, which would place a limitation on prescription drug manufacturers' ability to impose unsupported year-over-year price increases for drugs already on the market in Rhode Island.

RIPIN strongly supports efforts to lessen the impact that rising prescription costs have on Rhode Islanders' medical spending. As shown in a recent data story¹ published by OHIC, spending on brand-name prescription medications by commercial health insurers has increased by an annual average of 10.2% from 2018 – 2022, rising from \$91 per member per month in 2018 to \$134 per member per month in 2022. As noted in another OHIC data story,² this increase in spending has been driven by rising prices, not by greater utilization – and frequently, these drug prices are for drugs that have already been on the market and for which the price increases do not have a clear explanation.

These price increases have significant downstream impacts on consumers, as it drives up their out-of-pocket costs for their prescriptions. For expensive, brand-name drugs, insurers generally charge a percentage of the negotiated drug cost as “coinsurance” paid by the member. Other times, consumers pay a flat dollar amount as a copay – and as drugs get more expensive, insurers charge higher copays. This is all after consumers have to meet a deductible, before which their insurance frequently pays nothing – and as Rhode Islanders know all-too-well, these deductibles also increase every year, making it harder and harder to afford higher and higher out-of-pocket costs, while monthly premiums are also on the rise.

RIPIN encourages action to limit drug manufacturers' ability to push up prices without a clear, substantiated rationale. However, RIPIN strongly encourages that the legislature to pair action on overall drug prices with action to lower consumers' out-of-pocket costs for the drugs they need. Without tying these two together, the benefits of harnessing drug costs will likely not accrue to the most medically and pharmaceutically needy Rhode Islanders. A 2023 study from KFF shows that three in ten Americans have gone without a needed prescription, taken an over-the-counter substitute rather than a prescribed drug, cut pills in half, or skipped doses of a needed medication due to their high costs. One common industry criticism of legislation limiting drug copays is that it accelerates the growth in total drug prices by taking away insurers' tools to negotiate favorable prices from manufacturers and/or to drive utilization to lower cost options. However, pairing legislation that impacts total prices with legislation that impacts copays can achieve the best of both worlds: lower total prices with savings passed on to consumers. RIPIN favors legislation that seeks to limit both the total prices of drugs and consumers' out-of-pocket costs at the same time.

¹ <https://ohic.ri.gov/sites/g/files/xkgbur736/files/2024-01/RI%20OHIC%20Jan%20Data%20Story%201.29.2024.pdf>

² <https://ohic.ri.gov/sites/g/files/xkgbur736/files/2023-12/Data%20Story%202023-2%20December%202023%20Drug%20Prices.pdf>





Thank you for the opportunity to provide these comments. RIPIN is a statewide nonprofit founded in 1991 by a group of parents of children with special healthcare needs. While RIPIN's roots are in serving children and families with special needs, RIPIN now serves all Rhode Islanders who might benefit from education, advocacy, and peer-to-peer support in navigating healthcare and education systems. RIPIN also operates Rhode Island's health insurance consumer assistance program, RIREACH, which helped several thousand Rhode Islanders save more than \$8 million in health care costs since 2018.

Sincerely,

/s/

Shamus Durac
Senior Attorney/Health Policy Analyst
(401) 270-0101, ext. 125
SDurac@ripin.org

/s/

Sam Salganik
Executive Director
(401) 270-0101, ext. 101
Salganik@ripin.org