



Testimony of Matthew Netto, AARP Rhode Island  
**In support of House Bill 7443**  
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 prohibiting the state, participating ERISA or any health plan from purchasing referenced drugs for a cost higher than the referenced rate as House Bill 7443 from Representative Tanzi is intended to do.

There is no reason why Americans should continue paying the highest prices in the world for prescription drugs – three times what other nations pay for the same drugs.

For years, prescription drug price increases have dwarfed even the highest rates of general inflation. Between July 2021 and July 2022 alone, big drug companies raised list prices faster than inflation on more than 1,200 prescription drugs – rising an average of 31.6%. Some drugs in 2022 increased by more than \$20,000! Meanwhile, our taxpayer dollars are largely funding Research and Development. Between 2010 and 2016, 210 new drugs approved by the FDA began life in NIH-funded labs, representing grant funding totaling more than \$100 billion.

The good news is that due to the Federal Inflation Reduction Act (IRA) of 2022, some relief is coming to some Rhode Islanders. The IRA included provisions that will allow Medicare to negotiate the price of some prescription drugs. The first negotiated prices will take effect in 2026. The full roll out is:

- 2026: A maximum of 10 drugs will be negotiated.
- 2027: Another maximum of 15 drugs will be negotiated.
- 2028: Another maximum of 15 drugs will be negotiated.
- 2029: Another maximum of 20 drugs will be negotiated this year and every year after that.<sup>1</sup>

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<sup>1</sup> Bunis, Dena [www.aarp.org](https://www.aarp.org/politics-society/advocacy/info-2022/medicare-drug-price-negotiations.html) 8.15.22 <https://www.aarp.org/politics-society/advocacy/info-2022/medicare-drug-price-negotiations.html>

The Congressional Budget Office in their February 2023 “estimated that price negotiation will lower average drug prices paid by Medicare and will reduce the budget deficit by \$25 billion in 2031. Part D spending will be \$14 billion lower than it would have been, Part B drug spending will be \$9 billion lower, and other federal spending will be \$1 billion lower on net.”<sup>2</sup> This demonstrates the costs savings for both seniors and the Medicare program.

House Bill 7443 will allow more Rhode Islanders to benefit from the IRA provisions by referencing prescription prices from the IRA’s Maximum Fair Price. HB 7443 will apply the reference price to establish an upper payment limit on those drugs for commercial and state purchasers and ERISA plans that choose to opt in. The costs saved are required to be passed on to consumers and insurers must demonstrate how they did so.

All Rhode Islanders deserve to benefit as much as possible from the historic IRA provisions that will allow Medicare to negotiate prices and set Maximum Fair Prices. Please take this important step to protect Rhode Islanders from unaffordable prescription drug costs by recommending passage on House Bill 7443. Thank you for the opportunity to testify this evening.

Sincerely,

A handwritten signature in black ink that reads "Matt R Netto". The signature is written in a cursive, slightly slanted style.

Matthew Netto  
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<sup>2</sup> <https://www.cbo.gov/system/files/2023-02/58850-IRA-Drug-Provs.pdf>