



Testimony of Matthew Netto, AARP Rhode Island

In support of House Bill 8220

House Health and Human Services Committee

May 9, 2024

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

AARP is the nation's largest nonprofit, nonpartisan, and 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 creating the Rhode Island drug cost review commission and direct that the commission review certain submissions from drug manufacturers/sellers that concern drug costs and make determinations as to whether the cost of a drug under review is affordable as House Bill 8220 from Chairman Corvese is intended to do.

AARP has long been active in the fight to lower the cost of prescription drugs at the federal level. Much has been accomplished recently on the national front, such as Medicare negotiating lower drug prices, the \$35 monthly cap on insulin co-pays, free shingles vaccines, and the \$2,000 out-of-pocket cap going into effect in January 2025. However, AARP believes that state action is also necessary to ease the burden of affordability of prescription drugs.

Prescription Drug Affordability Boards or Cost Review Commissions, such as the one proposed in House Bill 8220, are based on the precedent of health care rate setting and state regulation of public utilities, wherein a group of appointed individuals sets limits on what buyers may pay for certain goods and services after reviewing relevant information. On an ongoing basis, a commission, composed of persons with relevant expertise, without conflicts of interest, and appointed by elected officials, would gather information about brand-name and generic drugs sold in the state. If the prices of these drugs exceed certain thresholds the commission would have the opportunity to conduct an affordability review, which would require manufacturers to justify the price increase or high launch price. If, after the review, which allows for public input, the commission determines that a given drug's price is excessive, the commission would have the authority to set a rate, upper limit, or spending target, that some or all payers in the state would follow.

Several states have already enacted similar legislation, including Maryland, Colorado, Washington, and Minnesota, which empowers a Prescription Drug Affordability Board (PDAB)

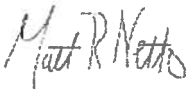
to set an upper payment limit (UPL) on drugs it determines create an affordability challenge. Maine and New Hampshire have established similar Boards that set spending targets for drugs that apply to all payers in the state. Similar legislation that creates Rx Affordability Boards/commissions that can set upper payment limits has been introduced in Arizona, Connecticut, Florida, Illinois, Minnesota, New Jersey, New Mexico, Oregon, Pennsylvania, Vermont, Virginia, and Wisconsin.

It is important to note that this bill is not about regulating the price of a drug set by a manufacturer, but instead establishes an upper limit that payers can pay for a drug in Rhode Island. Furthermore, this approach would add greater transparency for consumers and an opportunity for engagement of stakeholders. The bill also allows for the creation of a stakeholders' advisory board that would include consumer representation.

In conclusion, we feel Rhode Island must make further progress on prescription drug affordability. House Bill 8220 offers a creative way forward that has already been implemented in several states. We urge the committee to recommend passage.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Matt Netto".

Matt Netto, AARP RI, Associate State Director of Advocacy

401-834-0524 / mnetto@aarp.org