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May 9, 2024

Honorable Susan Donovan
House Committee on Health and Human Services
Rhode Island State House
82 Smith Street
Providence, RI 02903

Re: House Bill 8220, An Act relating to the Rhode Island Drug Cost Review Commission

Dear Chairwoman Donovan and Members of the House Committee on Health and Human Services,

Amgen respectfully opposes House Bill 8220 (H. 8220). H. 8220 would establish the Rhode Island Drug Cost Review Commission (DCRC) to identify prescription drugs that create or will create excess costs for the healthcare systems in the state and grant the DCRC authority to establish the level of reimbursement to be billed and paid by entities throughout the drug supply chain. Drug Cost Review Commissions and price control schemes do not meaningfully address patient affordability at the pharmacy counter and will instead create new access barriers for many patients.

Amgen is a biotechnology company backed by four decades of experience in the research, development, and manufacturing of innovator and biosimilar biologic medicines with a focus on areas of high unmet medical need that dramatically improve patients' lives. In 2023, Amgen served approximately 12 million patients around the world. Amgen has been part of the Rhode Island community for nearly 22 years and is the biotech leader in the state, with a total investment in Rhode Island of more than $2B. As part of our 75-acre site in West Greenwich, Amgen employs approximately 925 staff, manufacturing 14 biologic medicines with over 500,000 square feet of manufacturing and lab space.

A DCRC is not an effective mechanism to lower out of pocket costs for patients because the legislation focuses exclusively on the role of manufacturers rather than those with direct control over what patients pay, such as pharmacy benefit managers (PBMs) and insurers. This misguided legislation does nothing to improve patient affordability and neglects to address the role PBMs and insurers play in determining patient out-of-pocket costs. Additionally, the legislation's lack of requirements on insurers' use of savings (if any) further fails to ensure patients benefit.

The legislation may harm patients by creating new access challenges as a result of price control schemes. Reimbursement limits may disrupt the well-established supply chain that ensures hospitals, pharmacists, and other providers receive fair compensation for administering these medicines. The Commission's price-setting schemes will limit what providers and pharmacists may be paid or reimbursed for a medicine, though acquiring the medicine may be more costly. This dynamic creates downstream pressure on providers and pharmacists due to the disconnect between what they may be reimbursed and what they must pay for the medicine. A provider's ability to deliver needed treatments to patients may be jeopardized.

Amgen opposes H. 8220 and urges the legislature to advance concrete proposals that will help lower the prices patients pay for medicines at the pharmacy such as: ensuring cost-sharing assistance is applied to a plan's out-of-pocket spending requirements and sharing the already-negotiated savings on medicines with patients at the pharmacy counter. Substantive and impactful reforms are needed to address the practices of PBMs and insurers who implement benefit and formulary designs that increase their profits at the expense of patients.