

March 24, 2026

The Honorable Susan Donovan, Chair
House Committee on Health and Human Services
HouseHealthandHumanServices@rilegislature.gov

RE: House Bill 7950; Relating to Prescription Pharmaceuticals – unsupported price increase:

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

Blue Cross & Blue Shield of Rhode Island (Blue Cross) shares the interest of the sponsor, the Committee, and many in the community regarding the exceedingly high costs of prescription drugs and the impact on health insurance premiums. For that reason, Blue Cross sought the introduction of this legislation.

A family's cost to obtain health insurance averages more than \$24,000 a year, nationally. A growing component of the cost of care driving those premiums is prescription drugs: now one out of every five dollars of our members' medical care spending is for drugs. Over the last few years, the rise in the cost of pharmaceutical spending has become a key factor in the growth of premiums.

Blue Cross has been taking steps to control the growth of spending on medications:

Blue Cross empowers our members to save money for themselves and the healthcare system. Members can impact drug spending by “going generic” or by choosing another lower cost brand name drug. Blue Cross supports patient-centered pharmacists within primary care practices, to provide medication support services for our members. These interactions play a critical role in supporting patients' health by reviewing their medication, protecting against negative interactions, and supporting adherence to treatment.

Blue Cross negotiates with drug manufacturers for the best possible prices for medications – through its Pharmacy Benefit Manager Prime Therapeutics - but those negotiations have become increasingly difficult. While new drugs can prevent and treat many dreaded diseases, they come at an increasingly steep price: the average cost of new gene therapies for treating rare diseases exceed \$1 million dollars.

Blue Cross partnered with several other Blue Cross plans to launch Civica RX, a non-profit drug manufacturer focused on ensuring affordable access to essential generic medications. Civica recently announced a partnership that makes a long-acting insulin at \$45. Other drugs they are making are resulting in 65 percent reduction in patient drug costs.

While Blue Cross is working to achieve lower prices and better outcomes, the expenses relating to prescription drugs overwhelm those efforts. Due to this challenging environment, Blue Cross supports this novel approach to addressing one component of drug spending: the high increase in prices for existing medications.

The proposal is based on a model designed by the National Academy for State Health Policy (NASHP). Highlights of the bill:

- It fines pharmaceutical manufacturers whose drug price increases are unsupported by clinical evidence. The act impacts frequently prescribed, high-cost drugs, and minimizes the state's administrative burden by using an existing, publicly available data source to identify the drugs.
- It penalizes the manufacturers responsible for the unsupported price increase. The assessment would be 80% of the difference between the price health plans pay and the price increased by inflation.
- The funds generated would support the state's adult and child immunization program. This will directly lower health insurance costs for the people and businesses buying coverage, as the state otherwise bills insurers for those programs.

BCBSRI shares the interest of the sponsor of the proposals, and the members of the Committees, in addressing drug prices and the impact on Rhode Islander's health insurance premiums. We appreciate your consideration of this legislation and stand ready to work together on these issues.

Sincerely,

A handwritten signature in blue ink that reads "Shawn R. Donahue".

Shawn R. Donahue, Managing Director
Government Relations