

**TESTIMONY IN SUPPORT OF S.749 AN ACT RELATIVE TO PHARMACEUTICAL  
ACCESS, COSTS AND TRANSPARENCY  
BEFORE THE JOINT COMMITTEE ON HEALTH CARE FINANCING  
JUNE 6, 2023**

**The Massachusetts Medical Society (MMS) wishes to be recorded in support of Senate bill 771, *An Act relative to pharmaceutical access, costs and transparency.***

The Massachusetts Medical Society is a professional association of over 25,000 physicians, residents, and medical students across all clinical disciplines, organizations, and practice settings. The Medical Society is committed to advocating on behalf of patients, to give them a better health care system, and on behalf of physicians, to help them provide the best care possible. In striving for health equity and optimal medical care, the Medical Society passionately endorses legislation that improves affordability and accessibility of health care in the Commonwealth. For that reason, the Medical Society wishes to be recorded in strong support of the above referenced legislation that would offer a comprehensive and meaningful approach to ameliorating issues of high and rising costs of prescription drugs.

This bill seeks to make prescription drugs more affordable, and therefore more available, to patients who need them. The 2023 CHIA Annual Report shows that pharmacy spending grew 9.6% on an annualized basis from 2019 to 2021. The resulting prescription drug affordability challenges that patients often face lead to extremely difficult and unjust decisions having to be made. A 2019 MassINC survey found that one in four Massachusetts residents did not fill a prescription because of cost, leading to worsening of their condition. Twenty-four percent of those who continued to pay for their medications reported needing to cut back in other areas in order to afford their prescription drugs. These decisions meant struggling to pay for things such as food, rent, and utilities, which we also know are important to health. This proposed legislation also seeks to make pharmaceutical costs more transparent, which works toward ensuring fairer pricing, leading to cost savings for patients and for the entire health care system. This comprehensive approach to improve drug affordability and oversight will allow the Commonwealth to better understand what is driving prescription drug prices upward, and it will ensure that patients are made aware of their lowest cost options for the medications they are prescribed, improving access to more affordable medications and thereby leading to increased medication compliance and ultimately, improved health outcomes.

This bill utilizes several mechanisms to achieve those ends. With regard to transparency, this bill offers a comprehensive collection of provisions aimed at increasing transparency of pharmaceutical manufacturers and pharmacy benefit managers (PBMs) in order to shine light on areas with a history data opacity in the pharmaceutical manufacturing and sales continuum, such as drug rebates, research and development and marketing costs, and various rebates and fees in the PBM market. The HPC's 2022 Cost Trends Report similarly recommended that the Commonwealth should increase state oversight of PBMs including data collection, licensure and drug price reviews. Numerous states have already introduced legislation requiring PBMs to be licensed and to disclose information on pricing, rebates, and reimbursement to pharmacies, resulting in significant savings. For many years, Massachusetts has benefited from unprecedented levels of transparency for health insurers, hospitals, and physicians through provisions of Chapter 224, leading to dramatic cost growth containment. This proposed legislation would provide analogous levels of transparency to one area of the market that has been driving significant cost increases in the Commonwealth over the past several years: pharmaceutical spending. This transparency would allow the state to better understand and address the causes behind drug price inflation.

Importantly, this bill would help patients in the Commonwealth directly. Immediately upon implementation, this bill would provide patients with tools to compare drug prices in order to evaluate which medications are most financially suitable for their needs. It would also establish cost assistance programs, which would improve affordability—and thus accessibility—for certain medications. Specifically, these programs are designed to eliminate cost-sharing for medications to treat three chronic conditions - diabetes, asthma, and heart conditions- that disproportionately impact people of color. From the physician perspective, these provisions would be extremely beneficial in establishing patient care regimens that have a higher likelihood of adherence. High drug costs challenge physicians treating patients with lower income when the preferred or indicated drug is unaffordable for the patient. At times, the prescriber is forced to choose a lower cost drug to make it more likely that the patient will be able to comply with the regimen. This lower cost drug, however, may not be the ideal medication for the patient's medical needs and can result in suboptimal care that further exacerbates disparities in health and health care. From a health equity perspective, we must not allow the rising costs of prescription medications to perpetuate this inequity.

In the longer term, this legislation will lower drug prices through transparency and oversight provisions. By lowering drug prices, accessibility to prescription drugs increases, and adherence to medication regimens follows, leading to better health outcomes and lower overall total health care costs. This bill increases oversight by requiring licensure for PBMs, giving Massachusetts the ability to regulate processes in which they participate. It also allows the Massachusetts Health Policy Commission (HPC) to conduct prescription drug affordability reviews. These reviews would be limited to certain medications whose price or growth exceeds an alarming threshold. Once the price of a medication rises above that threshold, the HPC can review the pricing in order to determine whether it is reasonable. If, after that review, it is determined that the price is unreasonably excessive, the HPC can engage the manufacturer in a process that seeks to improve affordability of the medication. Drug costs need serious action, and this proposal creates a balanced, meaningful intervention for the most concerning cases.

As pharmaceutical spending continues to rise, we see that high cost-sharing for prescription drugs causes patients to forgo taking the medications that they need. While we must all do our part to help contain cost growth in Massachusetts, this bill will help to contain pharmaceutical spending, an area of health care spending that rose by 7.9% in 2021. This increased cost growth not only exceeds the health care cost growth benchmark set by the HPC, but it has done so for several years, without signs of stopping and without the state's ability to evaluate and assess the drivers of this growth. While the 2021 pharmaceutical cost growth decreases when rebates are taken into account, the benefits of these rebates are largely consumed by PBMs, so they are not savings for our health care system, nor are they passed on to our patients.

This legislation will give Massachusetts the transparency and data to learn how best to mitigate these costs and help our patients access the best health care for them. Specifically, communities of color and low-income communities are amongst the most negatively impacted by the constantly increasing prices of prescription drugs. Chronic conditions, such as diabetes, asthma, and cardiovascular conditions, disproportionately affect people of color. Each of these conditions require continual medication to manage and treat effectively. The cost of these medications is often prohibitive for many patients. When patients cannot afford these medications, they are at higher risk for severe complications. Accordingly, if we are serious about working to improve health equity, we must take steps toward improving prescription drug affordability in the Commonwealth.

Thank you for your consideration of our comments and for your important work on this pressing topic. The Medical Society respectfully urges a favorable report on Senate bill 749, *An Act relative to pharmaceutical access, costs and transparency*.