Written Testimony on the Rising Cost of Prescription Drugs
Submitted to the Pennsylvania House Health Committee

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The Pennsylvania Health Access Network (PHAN) appreciates the leadership of Chairwoman Rapp, Representative Frankel, and the House Health Committee for hosting this important hearing on the rising cost of prescription drugs and how Pennsylvanians are impacted. PHAN is well aware of this crisis. Every year we answer nearly 10,000 calls and engage consumers from 61 out of Pennsylvania’s 67 counties on a number of issues related to affordable and accessible healthcare. In the past several years, there has been an alarming increase in the number of consumers who are concerned about the cost of their prescription drugs. This especially impacts medically vulnerable and older Pennsylvanians. The average older Pennsylvanian takes between 4 and 5 brand name prescription drugs regularly. The average annual retail cost of these drugs exceeds the average senior’s median income by 20%. This forces some, even those who have insurance, to choose between medications and basic necessities like food, heat, or housing, or work past retirement just to afford their prescriptions.

We were fortunate to partner with Altarum’s Healthcare Value Hub, through the support of the Robert Wood Johnson Foundation, to conduct the first-ever Pennsylvania-specific survey of healthcare affordability late last year. We hope to repeat this survey in the near future. We captured data representing all Pennsylvania adults across insurance types and have been able to generate regional reports for five parts of the state. It comes as no surprise that half of Pennsylvania’s adults have had a healthcare affordability burden in the last year. This means they struggled to pay bills, went uninsured due to high premium costs, or failed to get the care they needed due to costs. For a majority of Pennsylvanians, some part of our current system did not work for them in the past year, jeopardizing their health, financial stability, employability, or family life.

Prescription drug costs were a main driver of affordability burdens:

- 1 in 5 did not fill a prescription due to cost.
- 1 in 6 skipped doses or cut pills in half to save money.
- 2 in 3 are worried that the prescriptions they need will become unaffordable in the future.

The struggle to pay for prescription drugs and other healthcare costs has a real-world implication on our families and friends:

- 15% of Pennsylvania adults have been contacted by a collection agency in the last year
- 12% used up all or most of their savings.
- 10% were unable to pay for basic necessities like food, heat, or housing
- 7 to 8% either racked up large amounts of credit card debt or borrowed money
Given these numbers, it’s no surprise that 9 out of 10 adults, across party lines, support a broad array of solutions. Specifically, on prescription drugs, research shows that:

- With overall support at 91%, 90% of Republicans, 94% of Democrats, and 90% of Independents said that Pennsylvania should authorize the Attorney General to take legal action to prevent price gouging or unfair drug price hikes.
- With overall support at 90%, 88% of Republicans, 92% of Democrats, and 89% of Independents said the Pennsylvania should require drug companies to provide advance notice of price increases and justify those increases.
- With overall support at 88%, 86% of Republicans, 91% of Democrats, and 86% of Independents said Pennsylvania should set standard prices for drugs to make them affordable.

The report concludes with the following: “The high burden of healthcare affordability along with high levels of support for change suggests that elected leaders and other stakeholders need to make addressing this need a top priority.” Knowing that there is broad, bipartisan support for action on this issue, we urge you to take these matters seriously.

With Washington, DC in gridlock over how to address rising pharmaceutical costs, it’s critical that Pennsylvania legislators take swift, bold action. Representative Frankel’s bill, The Prescription Drug Affordability Act (HB 2212), can help. HB 2212 represents a groundbreaking solution to the drug price crisis that would give both lawmakers and the public greater insight into how drugs are priced, investigate how specific drug costs impact Pennsylvanians, and create a mechanism to reduce what Pennsylvanians pay for their medications.

The bill would create an independent board staffed by experts free of conflicts of interest who would receive from drug manufacturers data on specific drugs that meet threshold triggers, analyze that data, and compile recommendations for the General Assembly. While some of this data is already available, Pennsylvania currently lacks the existing capacity to bring it together and analyze it to the benefit of lawmakers and constituents.

The legislation gives the affordability board authority to evaluate drugs that meet the following criteria:

- New brand name drugs that have a wholesale acquisition cost (WAC) of $30,000 or more per year or course of treatment or a WAC increase of $3,000 or more in any year period.
- Generic drugs that have a WAC of $100 or more for a 30-day supply.
- Any other prescription drug products that may create affordability challenges for the healthcare system and patients in this Commonwealth.

Having this data is a critical first step that addresses the root of the problem of sky-high list prices.

Any solution to the prescription drug affordability crisis must address the following questions:

- Does this solution lower prices at the pharmacy counter for Pennsylvanians?
- How does this address the high prices set by the pharmaceutical industry?
- Does this solution apply to the system as a whole to all drugs, to all purchasers or payors, and to the benefit of all patients?
The rising cost of prescription drugs is a nationwide issue, and nine other states have already stepped up to protect their constituents. Two states - Maine and Maryland - have created a Prescription Drug Affordability Board, similar to the one proposed in HB 2212, and are expecting success.

Drug prices bust budgets for employers, governments, and hospitals. For Pennsylvanians in the individual market, prescription drugs represented 1 in 5 of every healthcare dollar spent in 2015, up 50% from the previous year. For drugs purchased through the Medicaid program alone, prices per dosage have risen by 11%, year over year between 2012 and 2016, straining state budgets. Everyone pays when governments, employers, and hospitals must pass on these increases.

As you have heard before, prescription drugs don’t work if people can’t afford them. We appreciate the attention you bring to this issue. Thank you again for your time and please do not hesitate to contact us with any questions.

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