

July 14, 2018

Reporting and Notification Requirements for Prescription Drug Manufacturers Related to Drug Pricing

Presented to NCOIL Health, Long Term Care, and Health Retirement Issues Committee



**Colorado Consumer
Health Initiative**

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- 1. Where are health care consumers in this conversation?**
 - 2. What can state policymakers do to help consumers afford prescription drugs?**

The Problem

Four key factors that contribute to high cost prescription drugs:

- Drug company power over pricing
- Opaque supply chain
- Advertising and marketing tactics that push consumers into high-cost drugs
- Insurers shifting costs to consumers

What do consumers want?

Colorado (March 2018)

Question	Response
"When it comes to regulating prescription drug prices to make them more affordable, do you think the government should be doing more, doing less, or about the same they are doing now?"	Doing more 76% Doing less 11% About the same 8% Other 5%
"The CO Attorney General should have the power to investigate whether a pharmaceutical corporation is artificially inflating the cost of prescription drugs and medications, and taking advantage of patients who rely on their medications."	Agree 89% Disagree 8% Other 3%
"Would you support or oppose a legislative proposal that would require prescription drug corporations to notify the public if they plan to increase the price of a drug by 10% or more?"	Support 85% Oppose 13% Other 2%
"Would you support or oppose a ballot initiative that would require prescription drug corporations to disclose how they come up with the prices of their prescription drugs, including how much they spend on manufacturing, production, research and development, advertising, and what their profit margins are?"	Support 84% Oppose 14% Other 1%

What do consumers want?

Connecticut (February 2018)

Question	Response
"Do you agree or disagree that the government should authorize the Attorney General to take legal action to prevent price gouging or unfair prescription drug price hikes?"	A horizontal yellow bar with the text "Agree 94%" in bold black font.
"Do you agree or disagree that the government should require drug companies to provide advanced notice of price increases and information to justify those increases?"	A horizontal yellow bar with the text "Agree 93%" in bold black font.
"Do you agree or disagree that the government should set standard prices for drugs to make them affordable?"	A horizontal yellow bar with the text "Agree 89%" in bold black font.

Source: [Altarum Health Care Value Hub \(April 2018\)](#)

What can state policymakers do?

Category	Policy Change	Example	Description
Reduce power over pricing	Prohibit price gouging for all drugs	MD	(pending litigation); require drug companies to justify their price increases or face penalties
Transparency in the supply chain	Create a drug price review commission	Health Plans	"rate review" for prescription drug prices
	Drug pricing transparency	CA/OR/VT	Justification for price increases; advance notice; reporting of pricing factors
Marketing practices	Limit or ban drug manufacturers from offering gifts to physicians	VT	Limit gifts to physicians
	Public funding for evidence based academic detailing programs	PA	Provide guidance on potential benefits and possible harms of specific drugs
Reduce cost-sharing	Limit or prohibit coinsurance	DE/LA/MD	Cap monthly copays and limit out of pocket spending for prescription drugs
	Prohibit discriminatory formulary design	DE/CA/CO	Prohibit insurers from placing all or most drugs that treat a specific condition on a single tier

Adapted from Nguyen & Miller, *Community Catalyst* (May 2018)

What is concerning?

Some policies can be harmful to consumers:

- Cutting prescription drug benefits
- Increasing copays
- Restricting the use of new (expensive) medications

Important Considerations

- Do existing state agencies have the authority to request data and enforce non-compliance?
- Does the state have the infrastructure (and funding) to analyze data collected?
- Do states have a single-subject rule?
- Do you need legislation?

Thank you!

Caitlin Westerson

cwesterson@cohealthinitiative.org

