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## **An Act to ensure prescription drug cost transparency and affordability (H.729) An Act relative to pharmaceutical access, costs and transparency (S.771)**

**Lead Sponsors:** Rep. Christine Barber, Rep. Jon Santiago and Senator Cindy Friedman

**Background:** Prescription drug prices continue to rise, increasing the cost of health insurance and placing a considerable burden on families and the state budget. Currently, there is little to no transparency when it comes to the actual costs required to produce a drug, and no accountability or mechanism to ensure that drugs are not priced excessively. As a result, pharmaceutical companies may set arbitrary and opaque prices for drugs that prevent too many people in the state from being able to access and afford necessary drugs.

### **Why is legislation needed?**

- Pharmaceutical spending continues to rise, outpacing other health care spending in Massachusetts. According to the 2021 Center for Health Information and Analysis report, gross pharmaceutical spending increased by 7.2% in 2019, while overall health care expenditures grew by 4.3%. The cost growth decreases when rebates are taken into account, but these rebates often don't benefit consumers directly.
- High cost-sharing for prescription drugs leads patients to not take the drugs their doctors prescribe.
- To date, hospitals, insurers, businesses, providers, and consumers have all made meaningful sacrifices to ensure health care coverage for Massachusetts residents and help bring down costs, while the pharmaceutical industry has not been part of the solution.

### **Why is this a health equity issue?**

- Communities of color and low-income communities are among the hardest hit by continually rising prescription drug prices.
- People of color are disproportionately impacted by chronic conditions such as diabetes, asthma, hypertension, cardiovascular diseases and HIV/AIDS. Individuals who cannot afford their medication and have uncontrolled chronic conditions are at higher risk for severe health complications.
- Improving access to affordable medications is one way to help curb racial inequities in access to prescription drugs, particularly for those with chronic conditions.

### **What does this legislation do?**

- Implement cost assistance programs to improve affordability for some medications, such as insulin and asthma inhalers, used to treat chronic conditions that disproportionately impact people of color and are also risk factors for increased COVID-19 complications.
- Allow the Health Policy Commission to conduct affordability reviews of certain prescription drugs and engage drug manufacturers in improving affordability if prices are deemed unreasonable or excessive.
- Increase oversight over pharmacy benefit managers through state licensure.
- Ensure consumers know their lowest cost options for their prescriptions at the pharmacy.
- Enhance drug price transparency to better understand what is driving high and increasing prices.

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