

## Summary of the 2019 Prescription Drug Affordability Board Act SB759 & HB768

Marylanders across the state are struggling to afford the prescription drugs they need, often having to choose between their medication and other necessities, like rent and groceries. As prescription drug costs continue to soar, it is critical that the Maryland General Assembly take action to help ensure that all Marylanders have access to affordable medications, because drugs don't work if people can't afford them.

### What can Maryland do?

Maryland can create a Prescription Drug Affordability Board, an independent body with the authority to evaluate high cost drugs and set reasonable rates for Marylanders to pay.

The Prescription Drug Affordability Board will look at prescription drugs with costs that greatly impact Marylanders, including high-cost, brand name medications. High costs can prevent Maryland patients from accessing the prescription drugs they need, cause significant affordability issues for the state, and threaten public health.

### How a Prescription Drug Affordability Board works:

The Board is composed of five members (plus a Stakeholder Council and staffing support) appointed by the following: one member by the Governor, one by the Senate President, one by the Speaker of the House, one by the Attorney General, and the Board Chair to be jointly appointed by the President and Speaker.

The Board will review prescription drugs that meet any of the following criteria:

- New brand name prescription drugs which enter the market at \$30,000 or more per year or course of treatment;
- Existing brand name medications which increase in price by \$3,000 or more per year or course of treatment;
- Existing generic medications which increase in price by 200% or more per year or course of treatment; and
- Any prescription drug that creates affordability challenges to the Maryland health care system, including patients.

The Board will consider a broad range of economic factors when setting appropriate payment rates for reviewed drugs, allowing pharmaceutical manufacturers the opportunity to justify existing drug costs. The Board's authority will be phased-in until it has full authority in 2024 to set binding upper payment limits. Between enactment and 2024, the Board will hire staff, establish upper payment limit methodology, identify sources of public information about industry costs and pricing practices, enter into agreements with other states already collecting manufacturer-reported data, recommend ways to address situations where manufacturers refuse to sell in Maryland, and establish *recommended* upper payment limits for drugs meeting price or price increase thresholds. Starting in 2024, the Board has authority to implement upper payment limits as determined necessary and appropriate by the Board with the advice of the 21-member Stakeholder Advisory Council

Starting in 2024, the Board's **upper payment limit** will apply to all purchasers and payor reimbursements in Maryland, ensuring that lower costs benefit consumers.