

## SUPPORTING A VIRGINIA PRESCRIPTION DRUG AFFORDABILITY BOARD

### PROBLEM:

- **The cost of living is going up for Virginians. One of the biggest causes is the rapid increase in the cost of medicines. In 2021 alone, drug companies hiked the price of [more than 1,100 medicines](#) and 90% of the increases were above the rate of inflation – which is even more alarming since inflation is unusually high in 2021.**
  - 1 out of every 4 Virginians who depend on prescription medicines chooses not to take those drugs because they cannot afford them.
  - 50% of Virginians with employer-provided health insurance, 66% of Virginians who buy their own health insurance, and 70% of uninsured Virginians worry about being able to afford the medicine they depend on.
  - The average Virginian fills 11 prescriptions per year, and the average cost of a prescription in Virginia rose 26.3% between 2015 and 2019, while the average annual income only rose 16.7%.
  - Prescription drug costs are taking up a greater share of the average family's health care costs, rising to be responsible for 25% of health insurance costs since 2018.
- Cancer is the leading cause of death in Virginia, and cancer medicines in the U.S. are more than twice as expensive as those same medicines are in other industrialized countries.
- More than 600,000 Virginians have diabetes, and common medicines to treat diabetes are up to six times more expensive in the U.S. as those same medicines are in countries that set affordable payment rates for consumers.
- Nearly 600,000 Virginians have asthma or COPD, and the common brand name medicine to treat it saw its price increase by more than \$1500 between 2015 and 2020.

### VALUES:

- **Virginians shouldn't have to choose between prescriptions and other necessities like rent and groceries. It's time to take action to create a more affordable Virginia by lowering the cost of medications.**
  - While medicine costs have increased dramatically across the Commonwealth in recent years, we have the opportunity to follow states like Maryland and Colorado that have created Prescription Drug Affordability Boards. Passed with bipartisan support, these steps create a commonsense model for how Virginia can improve a marketplace that is not working for consumers.

### SOLUTION:

- Virginia needs a Prescription Drug Affordability Board to make medicines more affordable for Virginia residents and rein in out-of-control price hikes. A Prescription Drug Affordability Board would be a small, independent, group of health care experts that evaluates the affordability of prescription drugs and sets reasonable payment rates to protect consumers from harmful costs.
  - A PDAB would build upon legislation passed by the General Assembly unanimously in 2021 to establish prescription drug price transparency. With that new information on which medicines are creating the most burden for Virginia

families, we need a new Prescription Drug Affordability Board to provide an enforcement mechanism that reins in excessive costs.

- This Prescription Drug Affordability Board will operate without interference from politics and free of any conflict of interest from industry.

#### ABOUT THE PRESCRIPTION DRUG AFFORDABILITY BOARD

- **What it is:** An independent body with the authority to evaluate high-cost prescription drugs and set reasonable rates for Virginians to pay.
- **What it does:** The Board would only review certain high-cost prescription drugs that burden Virginians. Ultimately, the Board would set a universal, affordable limit on the amount of money that any Virginian would pay for an expensive, burdensome medicine.
- **How it works:** The Board would also investigate and review when drug companies sharply increase the cost of a specific, burdensome drug. It would research, review, and establish more affordable costs for the most unaffordable prescription drugs. It would consider a broad range of economic factors when setting appropriate payment rates for reviewed drugs, allowing pharmaceutical manufacturers the opportunity to explain why the cost of a drug has increased. Once an affordable payment rate is determined, the Board sets an upper payment limit that applies to the entire supply chain – down to the local pharmacy.
- **Who is on it:** The Virginia Prescription Drug Affordability Board would be a small, independent organization of people with expertise in medicine and health care. The Commissioners would not represent any stakeholder group and would not have financial conflicts with drug companies; they would further be barred from accepting money or gifts from anyone in the healthcare industry

## LEGISLATIVE BACKGROUND:

- The Commonwealth spent the below on retail and other outpatient prescription drugs in:
  - FY 2020:
    - State employee health plan: \$363.1 million
    - Medicaid program:
      - FFS: \$23.5 million
      - MCO: \$1.6 billion
  - FY 2021:
    - Medicaid program:
      - FFS: \$33.6 million
      - MCO: \$1.9 billion
- The top ten drugs by spend in the state employee health plan from FY 21 are:
  1. Humira (CF) Pen (arthritis, psoriasis, Crohn's disease, colitis)
  2. Stelara (arthritis, psoriasis, Crohn's disease)
  3. Trulicity (diabetes)
  4. Jardiance (diabetes)
  5. Enbrel Sureclick (arthritis, psoriasis)
  6. Ozempic (diabetes, obesity)
  7. Humira Pen (arthritis, psoriasis, Crohn's disease, colitis)
  8. Revlimid (multiple myeloma, mantle cell lymphoma, MDS)
  9. Dupixent (asthma, eczema)
  10. Saxenda (diabetes, obesity/child obesity)
- The top ten drugs by spend in the Commonwealth's Medicaid program from FY 21 are:
  - FFS
    1. Zofran (cancer)
    2. Morphine sulfate (pain relief)
    3. Latuda (bipolar, schizophrenia)
    4. Hydromorphone (pain relief)
    5. Neulasta (cancer)
    6. Enoxaparin sodium (blood thinner)
    7. Bictegrav (HIV)
    8. Midazolam (sleep aid, surgery prep/recovery)
    9. Acuvail (pain relief, surgery prep/recovery)
    10. Buprenorphine (chronic pain, opioid addiction)
  - MCO
    1. Humira Pen (arthritis, psoriasis, Crohn's disease, colitis)
    2. Bictegrav (HIV)
    3. Buprenorphine (chronic pain, opioid addiction)
    4. Insulin glargine (diabetes)
    5. Latuda (bipolar, schizophrenia)
    6. Saxenda (diabetes, obesity/child obesity)
    7. Glecaprevir (hepatitis C)
    8. Sofosbuvir (hepatitis C)
    9. Entocort (asthma, Crohn's, colitis)
    10. Elviteg (HIV)

While several variables impact the ability to perform exact cost savings projections, model states such as Maryland or Colorado project that with similar top drugs by spend in their state purchasing, a minimum 10% savings each year is reasonable. Extrapolating that to Virginia, we would be able to project that the Commonwealth is likely to save at least \$193 million each fiscal year from savings in the state Medicaid program and the state employee health plan alone, not counting other agencies' drug purchases.