

March 4, 2019

The Honorable Shane Pendergrass
House Office Building, Room 241
6 Bladen St.
Annapolis, MD 21401

Re: Support with Amendments HB 768 "Health- Drug Cost Review Commission"

Dear Delegate Pendergrass:

I am writing to share MedChi's collective thoughts on the above-referenced legislation to create a Maryland Health Drug Cost Review Commission.

MedChi, the largest physician organization in Maryland, strongly supports drug cost affordability and price transparency. Our members are very concerned that drug price increases are harming their patients. According to the Journal of American Medicine, from 2013 to 2015 net spending on prescriptions in the United States increased twenty percent. MedChi strongly believes pharmaceutical companies, pharmacy benefit managers and insurers need to show greater transparency in drug pricing. MedChi has been working with the AMA to promote drug affordability and drug transparency and more information on that work can be found at <https://truthinrx.org/>.

We applaud the work of the advocates on this issue, and plan to continue to work with the Maryland General Assembly on measures to improve the system, and lower drug costs without doing harm to the Maryland healthcare system. To that end, we have the following specific comments with regard to this specific legislation.

MedChi strongly believes that price transparency reporting would help control drug costs and have previously supported notification provisions like those reflected in this legislation, as well as requiring reporting by PBMs and insurers relative to their pricing practices. We like the methodology in the bill that allows for memorandum of understanding with other State's Commission, however we also believe CRISP should have a role. We have attached amendments that we have run by several key stakeholders including CRISP to move forward on this project.

MedChi strongly supports the creation of the Commission. However, we have several concerns with the current legislation.

MedChi is concerned with the possibility that the new Commission could create challenges for the State relative to overlapping or conflicting obligations with the Health Services Cost Review Commission (HSCRC). MedChi is a lead partner with the Administration on the "All Payer Contract" or Maryland Medicare Waiver negotiations. The Medicare All Payer Waiver was recently extended. The HSCRC currently regulates and oversees hospital costs, and is tasked with looking at total cost of all healthcare under the new agreement. Right now drug costs related to hospital spending is regulated through the HSCRC, and in fact in Maryland, the federal government has implemented the 340b drug program in

Maryland hospitals in a different manner as a result of the Waiver. The importance of resolution of the potential impact on the 340B program is not limited to hospitals, but also includes community-based providers such as local health departments and federally-qualified health centers.

It is our understanding the proponents have been working with the Maryland Hospital Association on amendments to address these concerns and MedChi would strongly support those amendments. We would also suggest that the Commission appointment language require at least one appointee with knowledge of the unique all Payer contract and the 340b program.

We can't say enough how important these amendments are to this legislation. The dual jurisdiction of the HSCRC and the proposed Drug Price Commission needs to be crafted such that it doesn't put our All Payer contract at risk. The contract has an exogenous factor section that states "If the State of Maryland enacts legislation that will significantly adversely impact the total cost of care for Medicare, CMS may evaluate the impact on the Model and may require changes to the Agreement to address the adverse impact." Clearly controlled drug costs should be a positive not a negative for the All Payer Contract, but we need to move judicially.

MedChi believes drug costs are a major issue facing Marylanders and we need to take action to address the issue of drug cost and pricing transparency. We urge the legislature to continue to work to find an appropriate framework to address drug price transparency from pharmaceutical companies, PBMs and insurers.

MedChi does believe there is room for action today as the General Assembly should work to amend and pass this legislation. We would also urge working with the Administration to encourage the HSCRC to use its authority to find private-sector solutions, such as the value-based drug purchasing pilot that MedChi has proposed.

Thank you for the opportunity to comment as we all work together to improve the public health of Maryland.

Sincerely,

Gene M. Ransom, III
Chief Executive Officer