



Date: Sep 12, 2022

To: Members of the North Dakota Legislature

From: National Taxpayers Union

Re: Oppose Bill Draft 23.0104.01000 - HHS drug price-control study

On behalf of National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, we express our strong opposition to Draft 23.0104.01000, a bill which establishes a prescription drug reference rate pilot program. Despite the well-meaning legislative intent and the importance of prescription drug affordability, North Dakotan patients and taxpayers will not be well-served should the provisions of this bill become law.

The stated objective of the draft proposal is "to study the possibility of controlling excessive prices for prescription drugs." In general, it is laudable to employ small-scale pilots to study the effects of potential policies prior to full implementation. However, as it relates to the setting of prescription drug prices by a government agency, much evidence already exists as to the negative impact of such a policy.

It is well documented that drug price controls create unintended consequences which limit patient access to vital medications, cause delays in therapeutic regimens, and have a detrimental effect on innovation and development of new groundbreaking and life-saving medications. We urge you to carefully consider the existing evidence before enacting a policy that will negatively impact your constituents.

The draft proposal gives the North Dakota Insurance Commissioner the authority to set drug prices based on comparison drug pricing in Canada - a country which currently establishes government prescription drug price controls. In a [2018 survey](#) conducted by the Canadian Pharmacists Association (CPhA), 25% of Canadians have personally experienced a drug shortage or know of someone who has experienced a shortage. The CPhA also conducted a [2018 survey of pharmacists](#) in which 79% of Canadian pharmacists reported that drug shortages greatly increased in the previous 3-5 years.

The negative effect of government drug pricing on research and development of new drugs was outlined in a [2019 Congressional Budget Office memo](#). CBO estimated federal drug price controls would result in fewer drugs being introduced to the U.S. market over the next two decades. The memo further states that investments in research and development will become less

attractive to pharmaceutical companies resulting in fewer new and innovative drug products coming to market.

NTU shares the goal of lowering drug costs, especially during the current economic climate, and we recognize the challenges faced by patients in North Dakota and across the country. We believe there are multiple stakeholders involved in determining what consumers ultimately pay for medications. For example, pharmacy benefit managers determine the terms of drug coverage for medications and then exert influence over which prescription drugs are included on formularies based upon rebates and discounts. We urge you to address the systemic flaws that prevent discounts from directly flowing to patients instead of erroneously assuming the price of a drug is determined by one piece of the supply chain puzzle.

We hope you stand with the patients and taxpayers of North Dakota and oppose this legislation. Thank you for your time and consideration of NTU's comments, please reach out should you have any questions.

Sincerely,

Leah Vukmir
Vice President of State Affairs

Jessica Ward
Director of State Affairs