



Date: February 13, 2023

To: Members of Commerce Finance and Policy Committee

From: National Taxpayers Union

Re: Oppose HF294

On behalf of National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, we express our strong opposition to HF 294, a bill that establishes prescription drug price controls and requires additional transparency reporting requirements. Despite well-meaning legislative intent and the importance of prescription drug affordability, Minnesota patients and taxpayers will not be well-served should the provisions of this bill become law.

The objective of HF 294 is to establish price controls on pharmaceutical manufacturers by capping wholesale acquisition costs. Unfortunately, this legislation will create unintended consequences, which could limit the availability and development of prescription drug options to Minnesota consumers.

HF 294 will likely have a longstanding, detrimental effect on innovation and development of groundbreaking, life-saving medications. Explicitly, this bill prohibits a manufacturer with a drug that's wholesale cost is \$100 or more for a 30-day supply or course of treatment less than 30 days from increasing the wholesale cost the next calendar year. It is rather notable that the legislation does not account for systemic flaws in health benefit plans, ignoring that health insurers ultimately determine the cost of a medicine.

This legislation overlooks the multiple stakeholders involved in determining what consumers ultimately pay for medications and neglects the role of consumer drug coverage. 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. NTU has previously expressed concern that negotiated rebates are not always passed along to the consumer, effectively failing to offset patient costs at the point of sale.

Imparting price controls will invariably diminish research and development and will remove incentives that encourage manufacturers to pursue innovative prescription drug solutions. HF 294 fails to consider that interfering in the free market through regulatory provisions or legislative decree often generates negative results. If lawmakers elect to artificially and arbitrarily set drug prices, Minnesota will eventually have less access to innovative medications.

The stated purpose of this legislation is to lower prescription drug prices and reduce costs for Minnesota patients. NTU shares these goals with lawmakers and recognizes the challenges faced by patients and taxpayers. In consideration of our mutual goals, we strongly believe that imposing government-dictated price controls on prescription drugs will not lower drug prices and will ultimately decrease patient access and limit the innovation of new life-saving medications.

We hope you stand with the patients and taxpayers of Minnesota 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
Senior Vice President of State Affairs

Jessica Ward
Senior Director of State Affairs