



April 13, 2023

Dear Members of the Minnesota Senate,

On behalf of National Taxpayers Union (NTU), we write to express concern regarding a provision contained in omnibus SF 2744. We have specific worries about the portion that aims to reduce prescription drug costs by creating a prescription drug affordability board and a prescription drug advisory council tasked with reviewing drug costs and establishing payment limits when a drug is arbitrarily deemed too costly. Before proceeding with floor deliberations, NTU urges you to bear in mind the following observations from a fiscal policy perspective.

While we acknowledge the well-meaning intent and the importance of prescription drug affordability, Minnesota patients and taxpayers will not be well-served should this become law. The U.S. Congressional Budget Office has documented how innovator drugs, even those initially expensive for government health programs, yield long-term savings for taxpayers by forgoing more expensive treatments such as surgeries and long hospital stays.

Furthermore, over the long term, the economic and productivity benefits of healthier citizenries eventually translate into more robust revenue growth for governments. No other major nation in the world today can boast of an environment where residents have access to nearly 90 percent of the latest pharmaceutical cures developed worldwide and where utilization of generic medications also amounts to roughly 90 percent. Interestingly, decades of federal data show that in most years, prescription drug spending hovers near 10 percent of all health expenditures in the United States. Policymakers at any level should bear these fiscal considerations in mind to avoid missteps going forward.

Creating a prescription drug affordability board will likely have a longstanding, detrimental effect on the innovation and development of groundbreaking, life-saving medications. The provision included in SF 2744 blatantly ignores the multiple stakeholders involved in determining what consumers ultimately pay for medications and overlooks the role of consumer drug coverage.

Imparting price controls will invariably diminish research and advancements and remove incentives that encourage manufacturers to pursue groundbreaking prescription drug solutions. This change in policy fails to consider that manipulating economic structure through regulatory provisions or legislative decree often generates negative results. If lawmakers elect to subjectively cap prescription drug prices, Minnesota will eventually have less access to innovative medications.

The stated purpose of this provision is to lower prescription drug prices and reduce out-of-pocket costs for Minnesota patients. NTU shares these goals with lawmakers and recognizes the challenges faced by patients and taxpayers. To the extent public officials wish to examine policy responses that could positively affect prescription drug prices, many pro-patient, pro-taxpayer options exist. These include reforms to the 340B program, a regulatory climate conducive to value-based purchasing, stronger, more permanent tax-law provisions for R&D costs, and rebate reform that prioritizes innovation. With leadership and direction, Minnesota lawmakers can have a vital role in ensuring patients and taxpayers come first.

We hope you stand with the patients and taxpayers of Minnesota and remove this provision from SF 2744. 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

