



**HB18 – 1260 - Prescription Drug Price Transparency**  
*Sponsors: Rep. J. Ginal, Rep. D. Jackson, Sen. D. Moreno*  
**March 8, 2018**

House Health, Insurance, & Environment  
Testimony – April Giles  
President and CEO, Colorado BioScience Association

Thank you Madam Chair, members of the Committee, my name is April Giles, and I am the President of the Colorado Bioscience Association. CBSA is a nonprofit, statewide organization, representing more than 720 bioscience companies and 30,000 direct employees. Since our inception, CBSA has been actively engaged in ensuring the bioscience industry remains a strong and growing part of the state's economy, which is why we urge you to oppose House Bill 1260. As we look at our health care system as a whole, it's important to understand that the bioscience sector is not like the other sectors that comprise the health care industry. Researching and developing new cures is both resource intensive and highly unpredictable. The process can take well over a decade and cost upwards of \$2.6 billion dollars. There are also many failures seen along the way, with only one out of every ten drug candidates ultimately being approved by the FDA.

Science is not linear, determining the costs associated with the full R&D process for each product would likely be impossible or inaccurate at best. For example, the work conducted on a molecule for one disease might fail, but that research could ultimately lead to a successful new discovery within another disease later down the road.

The work underway within our industry is a painstaking endeavor, but the results achieved are invaluable to the patients we serve and the healthcare industry as a whole.

At CBSA we are dedicated to patients, ensuring people live longer, healthier lives. That's why we support true transparency. True transparency means:

- Addressing the health care system as a whole.
- Considering every player in the health care system to make meaningful changes for patients and their families.

We are committed to ensuring patients have access to therapies and needed medicines. To that end, **we believe it is imperative to look at the healthcare system holistically**, which would help patients understand the role manufacturers, pharmacy benefit managers (or PBM's), and insurers play in determining out of pocket costs.

Both are key to negotiating pricing and structuring rebates with each manufacturer on medicines. The Wholesale Acquisition Cost (or WAC) in the legislation does not take these factors into account. The WAC is essentially the list price, **not the net price after negotiations and rebates**. Year after year, data shows that the “net price” after rebates and discounts is 30 to 40 percent less than the list price. So, while a 10 percent increase would trigger a notice under this bill, the actual increase to a payer may only be two or three percent. And this bill does not require a health plan or PBM to notify a purchaser what the net price increase for the medication is, or if the WAC price increase will have no effect on a purchaser because a PBM negotiated price protections with the manufacturer.

This legislation also threatens a company’s confidential and proprietary information, harming their ability to compete fairly in the marketplace and will chill investment into future life science innovation.

While insurers reporting details are provided CORA protection - as well as aggregation of their data - drug manufactures have not been afforded the same benefit of CORA protection and assurance of aggregated data. Why?

In closing, since the inception of the CBSA, we have worked hand-in-hand with the General Assembly to develop sound policies to advance Colorado into a top-tier cluster for the bioscience industry. To date, we all have done a phenomenal job and have had great success. House Bill 1260 sends a message to companies looking to grow or relocate here that we do not value their work.

On behalf of the bioscience industry in the state, I respectfully request that you oppose House Bill 1260. I’m happy to answer any questions.

### Other notes:

- “Every dollar invested in newer treatments saves nearly seven dollars in other costs by reducing or eliminating hospitalizations, minimizing one’s inability to work at full capacity, and empowering people to live independently” – National Venture Capital Association Study
- “A new treatment delaying the onset of Alzheimer’s by five years would save \$367 billion in health care services” – Changing the Trajectory of Alzheimer’s Disease Report by the Alzheimer’s Association
- “Retail brand and generic prescription medicines along with pharmacy costs account for about 10% of the health care spending in America today, the same percentage as in 1960” = CMS - National Health Expenditures 2014 data
- Nearly 9 out of 10 prescriptions are filled with generics, 88% in 2014 – IMS Health data
- Several programs sponsored by the biopharmaceutical industry available to assist patients in affording their medications. One such program is the Partnership for Prescription Assistance, which provides a single point of access to more than 475 patient assistance programs. To date, PPA has helped nearly 9.5 million individuals, including roughly 71,000 Coloradans, gain access to needed prescription medications for free or at a reduced cost.
- Bioscience industry is already one of the most heavily regulated industries in the health care sector. Companies are required to provide information on drug effectiveness and safety to the FDA and public companies are also required to report information on costs, sales and total R&D spending in securities filings. These filings are available to the public and listed out by company and product in aggregate.