

May 4, 2020

Dear Members of the House Ways and Means Committee:

On behalf of the members of the coalition of organizations listed below, we urge you to support HF 1246/SF 1098, the Drug Price Transparency bill, authored by Representative Kelly Morrison.

Minnesotans pay too much for prescription drugs. In fact, we now spend more on drugs than we do for inpatient hospital care. Today, 7 out of 10 doctor appointments end with a prescription, costing Americans \$460 billion per year. The U.S. is responsible for 42% of drug company revenue worldwide. Americans pay prices for prescription drugs that are up to six times higher than the rest of the world.

According to a report from the U.S. Government Accountability Office¹, the amount of money people spend on prescription drugs has nearly doubled since the 1990s. During the time period of the report (2006-2015), about 67% of all drug companies saw an increase in their annual average profit margins. In fact, there are numerous reports that pharmaceutical company profits are coming from price increases and not innovation. Higher drug prices mean higher health insurance premiums for everyone. It can also mean some people cannot afford their drugs and are forced to go without.

It would be helpful to understand how drug prices are set in the first place and why they continue to get more expensive. In addition, why are there continual price increases for drugs that have been on the market for a considerable period of time? From discovery to getting the drug to patients – what are the *real* costs and are the prices justified?

To answer these questions, a broad coalition of stakeholders has joined together to sponsor legislation that requires drug manufacturers to provide greater transparency over prices for existing drugs, new drugs and newly acquired drugs. Lowering drug prices is a priority for all Minnesotans. **We believe more information will lead to better understanding of drug prices and that can help inform public policy. All Minnesotans deserve to be better informed about drug prices and why health care is so expensive.**

This important legislation focuses on the actions of drug manufacturers in setting and raising prescription drug prices. Drug manufacturers are responsible for high drug prices. Minnesotans deserve to understand why. Please support HF 1246/SF 1098.

Sincerely,

¹ United States Government Accountability Office. DRUG INDUSTRY: Profits, Research and Development Spending, and Merger and Acquisition Deals. November 2017. Accessed at <https://www.gao.gov/assets/690/688472.pdf>

AARP
Allina Hospitals and Clinics
Patients 4 Affordable Drugs
The ALS Association, MN/ND/SD Chapter
ClearWay MinnesotaSM
National Multiple Sclerosis Society – Minnesota Chapter
Association of Minnesota Counties
League of Minnesota Cities
Minnesota AFL-CIO
Minnesota Association of Health Underwriters
Minnesota Association of County Health Plans
Minnesota Medical Association
Minnesota Nurses Association
Minnesota Association of Community Health Centers
Laborers' International Union of North America (LIUNA)
SEIU Healthcare Minnesota
Communication Workers of America MN State Council
Minnesota Farmers Union
Education Minnesota
Minnesota Business Partnership
Minnesota Council of Health Plans
Blue Cross and Blue Shield/Blue Plus of Minnesota
HealthPartners
Hennepin Health
Medica
PreferredOne
Sanford Health Plan of Minnesota
UCare
America's Health Insurance Plans - AHIP