



February 2, 2021

Representative Zack Stephenson
Chairman, House Commerce Finance and Policy Committee
509 Rev. Dr. Martin Luther King Jr. Blvd.
St Paul, MN 55155

Dear Rep. Stephenson and Committee Members,

The Association for Accessible Medicines (AAM) is currently opposed to HF 58 which would require additional reporting requirement on manufacturers that will not result in lower prescription drug costs. AAM represents manufacturers and distributors of generic and biosimilar medications and works to ensure these important medicines are more accessible to the people who need them. Generic medications represent 90% of all prescriptions filled but only 20% of prescription drug spending in the United States. In 2019, the use of generic medicines saved \$313 billion nationwide, while use of biosimilar medications saved U.S. patients \$2.2 billion.

HF 58 would require manufacturers to report the Wholesale Acquisition Cost (WAC) annually for medications costing \$100 or more for a 30-day supply. It would also prohibit a manufacturer from changing the WAC if the medication is on a health plan formulary. Unfortunately, these provisions will not lead to lower costs for patients. The prices patients pay for generic medications are controlled by others within the drug supply chain such as an insurer or pharmacy benefit manager, not the manufacturer. Reporting WAC prices does not reflect what a patient will pay for a medication and could result in confusion at the pharmacy counter.

Competition in the generic market saved Minnesota \$4.5 billion in 2019. But the proposal could undermine generic price competition. Prohibiting a manufacturer from adjusting a product WAC could result in prices being fixed at a higher cost. Additionally, different health plans establish formularies at different times of the year. Since this bill prohibits changes in WAC price during the year, it will effectively prohibit ANY WAC change once a medication is included on one health plan formulary. Generic drugs remain one of the only consistently declining areas of healthcare spending, and this proposal could cause patients to face higher costs for generic drugs.

AAM appreciates the opportunity to work with the author on this bill. However, based on the potentially adverse impact it could have on the generic drug market, it must oppose the bill as currently drafted. If you have any questions regarding this bill or AAM's position, please feel free to contact me at brett.michelin@accessiblemeds.org.

Sincerely,

A handwritten signature in black ink that reads 'Brett Michelin'.

Brett Michelin
Senior Director, State Government Affairs
Association for Accessible Medicines