



MARYLAND TECH COUNCIL

TO: The Honorable Joseline A. Pena-Melnyk, Chair
Members, House Health and Government Operations Committee
The Honorable Bonnie Cullison

FROM: Andrew G. Vetter
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RE: **OPPOSE** – House Bill 340 – *Prescription Drug Affordability Board – Authority for Upper Payment Limits and Funding (The Lowering Prescription Drug Costs for All Marylanders Now Act)*

The Maryland Tech Council (MTC) writes in **opposition** of House Bill 340 – *Prescription Drug Affordability Board – Authority for Upper Payment Limits and Funding (The Lowering Prescription Drug Costs for All Marylanders Now Act)*. We are a community of nearly 800 Maryland member companies that span the full range of the technology sector. Our vision is to propel Maryland to become the number one innovation economy for life sciences and technology in the nation. We bring our members together and build Maryland’s innovation economy through advocacy, networking, and education.

This bill would create a process for the Maryland Prescription Drug Affordability Board (PDAB) to set Upper Payment Limits (UPLs) for “all purchases and payor reimbursements or prescription drug products in the State that the Board determines have led or will lead to an affordability challenge” if it is in “the best interest of the State.”

Presently, the authority of the PDAB to set UPLs is limited to State and local government plans. We understood the intent of the General Assembly at the time was to test the concept of affordability reviews and possible cost controls on a more limited basis to evaluate effectiveness, gather data, and refine the process. Rather than letting that process play out, this bill expands the authority of the PDAB before any cost reviews have been completed. The MTC urges the General Assembly to allow the PDAB to continue its work this year in refining a list of drugs to evaluate before authority is expanded.

The MTC has many life science companies among its membership. In fact, Maryland is one of the leading states in the nation for the concentration of life science companies with 54,000 life science jobs, 2,700 life science and biotechnology companies, world class universities, and government agencies. While the life sciences community shares the concerns of the bill’s sponsors and proponents about the affordability of necessary medications, there is skepticism whether the PDAB and UPLs, specifically, are the best way to accomplish that goal.

We encourage the committee to consider unintended consequences of price controls. There are companies in the life science industry that believe if they are negatively impacted by PDAB-imposed price controls, it may jeopardize their ability to continue investing resources into research and clinical trials needed to discover breakthroughs for the treatment of cancer and other rare diseases. Policymakers should be looking for ways to incentivize this type of activity, rather than potentially limiting it.

Additionally, this legislation focuses on UPLs as the means to address the cost of drugs that are unaffordable. The committee should examine other practices and policies that could have a direct impact on what patients pay out-of-pocket for their medicines. For example, there are tools that insurance companies and pharmacy benefit managers (PBMs) use that impact out-of-pocket costs. Co-pay accumulator policies prevent manufacturer discounts from counting toward a patient's deductible, increasing a patient's cost. Banning this practice should be considered. The committee should also consider "Share the Savings" policies that require insurance companies and PBMs to share the savings they negotiate with drug manufacturers with patients.

The MTC remains committed to being a part of the conversation about how to reduce the cost of prescription drugs for Maryland patients. However, we believe that the timing is not right for this legislation and that a more comprehensive approach to this issue should be considered rather than focusing solely on the PDAB's authority to set UPLs.

We respectfully request an unfavorable report.