

**Department of Legislative Services**  
Maryland General Assembly  
2018 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Joint Resolution 12 (Senator Klausmeier)

Finance

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**Accessibility and Affordability of Prescription Drug Medications in the State**

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This joint resolution declares that the General Assembly will continue to work in a deliberate manner to address the accessibility and affordability of prescription drug medications in the State. The joint resolution resolves that a copy of the resolution be forwarded to the Governor, the President of the Senate of Maryland, and the Speaker of the House of Delegates.

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**Fiscal Summary**

**State Effect:** The joint resolution does not directly affect State finances.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Chapter 818 of 2017 prohibits manufacturers and wholesale distributors from engaging in price gouging in the sale of essential off-patent or generic drugs that are made available for sale in the State. On petition of the Attorney General, a circuit court may issue specified orders, including compelling a manufacturer or wholesale distributor to provide certain statements or records, restraining or enjoining a violation, requiring restitution, or imposing a civil penalty of up to \$10,000 for each violation.

**Background:** With prescription drugs accounting for the largest component of health insurance premium expenses, at 22.1% on average, and individuals incurring significant

out-of-pocket expenses for prescription drugs, prescription drug pricing and affordability continues to be an issue of interest nationwide.

According to QuintilesIMS, the United States spent \$450 billion on prescription drugs in 2016, an increase of 5.8% over 2015 levels. Similarly, the U.S. Department of Health and Human Services estimates that spending on retail prescription drugs grew by 4.8% in 2016. Growth in spending on prescription drugs is expected to rise by an average of 6.4% through 2025, outpacing the average 5.6% growth in total health spending during this time period. Prescription drug spending is expected to accelerate from 5.7% in 2017 to an average of 7.0% for 2018 and 2019 as fewer brand-name drugs will be losing patent protection.

An August 2016 special communication in the *Journal of the American Medical Association* found that per capita prescription drug spending in the United States (\$858 in 2013) is more than twice that of 19 advanced industrialized nations (an average of \$400). The study asserted that market exclusivity of brand-name drugs allows manufacturers to set high prices and that generic drugs are slow to market, delayed by manufacturer business and legal practices.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** QuintilesIMS; U.S. Department of Health and Human Services; *Journal of the American Medical Association*; Department of Legislative Services

**Fiscal Note History:** First Reader - March 17, 2018  
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