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SB 388 Prescription Drug Affordability Board – Authority for Upper Payment Limits and Funding (Lowering Prescription Costs for All Marylanders Act of 2024)
Senate Finance Committee
FAVORABLE
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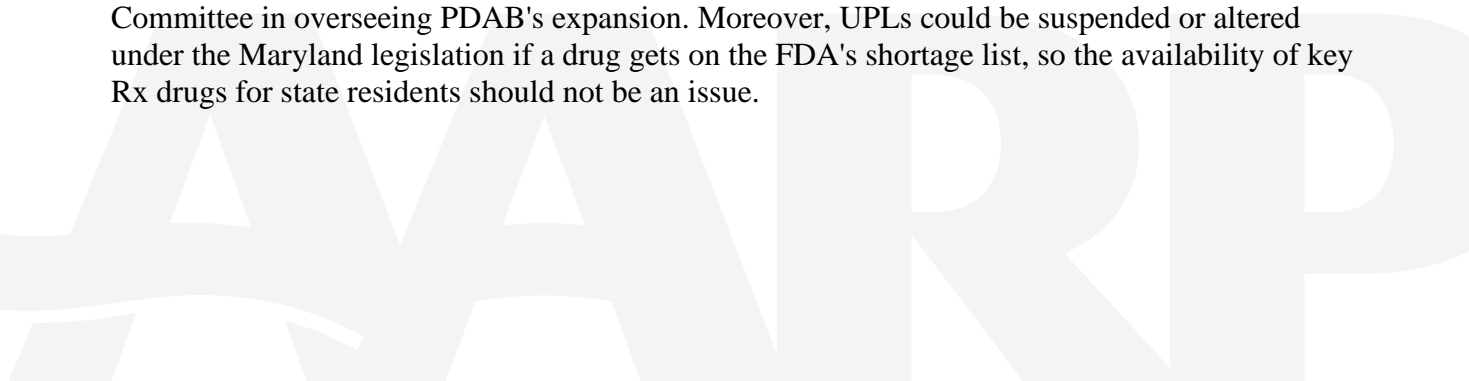
Good afternoon, Chair Beidle and members of the Senate Finance Committee. I am Jim Gutman, a Columbia resident and lead health care advocacy volunteer for AARP Maryland. I'm also a member of the Stakeholder Council of the Maryland Prescription Drug Affordability Board (PDAB). Today I'm here representing AARP Maryland and its over 850,000 members in the state in supporting SB 388, which will enable the PDAB to take its needed next step toward lowering prescription drug prices for all Maryland residents. AARP thanks Senators Gile and Feldman for introducing this key legislation.

The PDAB, by any yardstick, has done an outstanding job since it came into being following pioneer legislation enacted by the Maryland General Assembly in 2019. The board has painstakingly built, with input from all parties and via skillful management of its modest budget, the infrastructure and procedures by which it will begin this year putting Upper Payment Limits (UPLs) on what state and local government bodies will pay for some important prescription drugs. The results of these measures will be significant and much-needed savings for those government entities.

So now is the right time to authorize the expansion of the PDAB's mission to include all residents of Maryland. This is a step that was contemplated in the original statute, which I testified for, as well as one strongly supported by AARP Maryland since last summer for passage this session. It also is a step that several other states, which modeled their drug price boards on Maryland's first-in-the-nation PDAB, already have authorized.

This step is needed in Maryland because, despite the new federal law that could bring much-needed relief on a few drugs for Medicare recipients starting in 2026, prices still are rising at a high rate on many vital drugs used by AARP Maryland's constituency of residents aged 50 and above. Pharmaceutical manufacturers remain in strong financial shape, as shown by how much they can spend on marketing and advertising to boost market demand for their products.

It is vital to note that SB 388 retains the key role of the General Assembly's Legislative Policy Committee in overseeing PDAB's expansion. Moreover, UPLs could be suspended or altered under the Maryland legislation if a drug gets on the FDA's shortage list, so the availability of key Rx drugs for state residents should not be an issue.



Importantly, the determination of whether to seek UPLs under this legislation for all purchases and payer reimbursements would depend on the PDAB first finding "an affordability challenge" for the drugs involved. This finding would be backed by data, when such data become available, of the savings beginning to accrue to government purchasers in Maryland from the UPLs for the drugs already put under price-payment caps adopted by the PDAB.

Moreover, the expansion to all purchasers could not occur until at least Oct. 1 and is likely to be later so that the evidence on initial results is clear. The PDAB, in making a decision to seek to expand UPLs to all purchases in the state, would need under the legislation to consider any available data on the savings results of its initial UPLs for government entities. Also, the PDAB's multi-constituency Stakeholder Council, on which I'm proud to serve, would be directly involved in the whole process.

Equally significant, this legislation would give the PDAB, which has achieved so much with just a very small staff and budget, an annual appropriation of at least \$1 million that it so clearly needs to fund the vital new work that the bill authorizes as well as its current work. The PDAB has shown itself to have sound financial management and already has repaid ahead of schedule all the money it needed to borrow from the Maryland Health Care Commission to fund its successful launch. The new funds would be certain to be used wisely as well. Any funds left over would revert to the state's general fund.

Maryland consumers are suffering, even more than when the PDAB law was enacted, by soaring costs, which they can't afford, or prescription drugs that are vital for their health. This state, an acknowledged leader in bringing a responsible regulatory regimen to dealing with this impossible life-threatening situation, has an opportunity to craft another responsible step that will bring much-needed relief on unwarranted Rx drug costs. And Maryland can do this via the PDAB, which has shown itself to be a knowledgeable, hard-working and fair-handed steward of the vital price-relief efforts. For all those reasons AARP-Maryland and I urge you to give SB 388 a favorable report. If you have questions or need follow-up, please contact Tammy Bresnahan at tbresnahan@aarp.org or by calling 410-302-8451. Thanks very much.