

Expanding the Prescription Drug Affordability Board's authority can reduce medication costs for more Marylanders

Position Statement Supporting Senate Bill 388

Given before the Senate Finance Committee

The creation of the Prescription Drug Affordability Board (PDAB) in 2019 was a significant step towards health equity as it seeks opportunities to make prescription drugs more affordable. However, not all Marylanders are able to reap the benefits of cost reductions to their medicine as current PDAB authority only oversees state health plans. To ensure that all Marylanders are able to afford life-saving medication without the worry of having enough to cover other basic necessities, it's important that their health is prioritized over the profits pocketed by the pharmaceutical industry. The board can create accountability processes to make this happen. **For these reasons, the Maryland Center on Economic Policy supports Senate Bill 388.**

According to a national survey, 8 in 10 adults say the cost of prescription drugs is unreasonable, with many having difficulty affording their medicine, especially if they have more than one prescription expense.ⁱ When individuals cannot afford prescription drugs, they may forgo or delay necessary medication. Despite leading the nation as one of the few states with a PDAB, Maryland payers are still subject to price hikes enacted by the pharmaceutical industry. A report found that manufacturers for the costliest prescription drugs in Maryland spend billions more on self-enrichment activities, such as stock buybacks and executive compensation, than on research and development of new drugs.ⁱⁱ It's important that the state protects Marylanders' health by extending the board's authority to deliver economic relief.

We also know that it's possible for government to create pathways that enable Marylanders of all backgrounds to afford medication. Thanks to provisions in the Inflation Reduction Act of 2022 which capped insulin at \$35 a month for Medicare plans starting in 2023, it is expected that out-of-pocket spending for retail prescription drugs will decline.ⁱⁱⁱ In fact, these policy changes are predicted to reduce spending on retail prescription drugs by 18.5% than previously projected for those on Medicare. Implementing guidelines to bring down prescription drug costs will help build up healthy communities.

Moreover, appropriating yearly funds for the PDAB will ensure that the implementation of their recommendations is possible and ongoing.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Finance Committee give a favorable report to Senate Bill 388.

Equity Impact Analysis: Senate Bill 388

Bill summary

Senate Bill 388 extends the Prescription Drug Affordability Board's (PDAB) authority to set upper payment limits for prescription drugs for all Marylanders, and mandates an annual appropriation of at least \$1 million from the state budget for the PDAB Fund starting in fiscal year 2025.

Background

The Prescription Drug Affordability Board (PDAB), created in 2019, is meant to conduct cost review analyses for prescriptions drugs that are expensive, and implement upper payment limits to make these more affordable. However, due to funding issues, the board has not yet achieved its goals and has been slow in creating guidelines and polices to enact change. The board is also limited to setting upper payment limits for prescription drugs on state and local government health plans. As such, there is a need to both ensure that the PDAB has extended authority to advocate on behalf of all Marylanders struggling to afford medications, and for funding to be available to maintain the process.

Equity Implications

Policies in the past have led to a system of unequal opportunities for marginalized groups within Maryland. Although the most obvious racially discriminatory policies have long been overturned or mitigated, the impact of these policies continue to persist in both society and public policy and have led to significant racial and health disparities. People of color experience much higher rates of economic insecurity and poverty and are more likely to struggle paying for their medications.

Because lower socioeconomic status and comorbidities are more prevalent in communities of color, it is imperative that more Marylanders are able to access quality medication at an affordable price.^{iv}

Impact

Senate Bill 388 would likely **improve racial and economic equity** in Maryland.

ⁱ Kirzinger, A., Montero, A., Sparks, G., Valdes, I., & Hamel, L. (2023, August 21). *Public opinion on prescription drugs and their prices*. Kaiser Family Foundation. <https://www.kff.org/health-costs/poll-finding/public-opinion-on-prescription-drugs-and-their-prices/>

ⁱⁱ Ravinthiran, J. (2024, January 18). *Profits over patients: Spending on self-enrichment exceeds research and development costs for many manufacturers of IRA drugs*. Public Citizen. <https://www.citizen.org/article/profits-over-patients/>

ⁱⁱⁱ Amin, K., Wager, E., Levinson, Z., Cubanski, J., & Cox, C. (2024, January 24). *Health cost and affordability policy issues and trends to watch in 2024*. Peterson-KFF Health System Tracker. <https://www.healthsystemtracker.org/brief/policy-issues-and-trends-2024/>

^{iv} Ellis, K. R., Hecht, H. K., Young, T. L., Oh, S., Thomas, S., Hoggard, L. S., Ali, Z., Olawale, R., Cathron, D., Corbie-Smith, G., & Eng, E. (2020). Chronic disease among African-American families: A systemic scoping review. *Preventing Chronic Disease*, 17. https://www.cdc.gov/pcd/issues/2020/19_0431.htm