



MARYLAND
Chamber of Commerce

LEGISLATIVE POSITION:

Unfavorable

**Prescription Drug Affordability Board - Authority for Upper Payment Limits and Funding
(Lowering Prescription Drug Costs for All Marylanders Act of 2024)**

House Bill 340

Health & Government Operations Committee

Thursday, February 8, 2024

Dear Chairwoman Pena-Melnyk Beidle and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce (Maryland Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

House Bill 340 would require the Prescription Drug Affordability Board (PDAB) to establish a process for setting upper payment limits for all purchases and payor reimbursements of prescription drug products in the state that the Board determines have led or will lead to affordability challenges. It also requires the Governor to include an appropriation of at least \$1,000,000 in the annual budget bill beginning in fiscal year 2025 for the Prescription Drug Affordability Fund.

While the Maryland Chamber supports policies that enhance medicine accessibility and affordability, we do not support government-imposed upper payment limits as a means of price setting. This stance is rooted in our concern that such measures will have a chilling effect, stifling innovation and hampering Maryland's capacity to attract new investments, businesses, and talent. Additionally, it may impede the ability of life sciences companies to secure capital to support research and development. To sustain economic competitiveness, it is imperative that our universities, research institutions, and enterprises continue to work together and maintain collaborative efforts to bring new products and technologies to the market faster.

Maryland stands out as a premier destination for life sciences companies. According to data from the Maryland Department of Commerce, the state hosts a community of over 2,700 life science businesses, constituting one of the nation's largest clusters. These companies benefit from exceptional proximity to leading federal institutions such as the National Institutes of Health (NIH), National Institute of Standards and Technology and the Food and Drug Administration. More than 90% of the life sciences companies and strategic partners are located within one hour of each other. The Maryland/Virginia/Washington DC BioHealth Capital Region ranks fourth among the top ten U.S. biopharma clusters, based on metrics including patents, NIH grant

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funding, venture capital, lab space and number of jobs. Notably, Maryland receives substantial research and development funding from NIH, with Johns Hopkins University leading the nation in total NIH awards. The state's life sciences sector generates \$18.6 billion in economic activity and are awarded over a billion dollars in federal contracts each year.¹

Government-imposed upper price limits may drive businesses to invest in more friendly states. Interfering with the free market through a price control scheme likely would negatively impact the future of critical medicines. Concerns arise over an unelected, independent board having the authority to set prices for privately produced products that are sold in a competitive, private market, setting a worrying precedent for government intervention. With federal regulation in place, state-level price control would create disparities, hindering access to essential medications for Marylanders.

Lastly, it is important to consider that the PDAB, which was created on July 1, 2019, was tasked with its first action of conducting a study of the entire pharmaceutical delivery and payment process, access data for drug pricing and utilization, and developing regulations that will allow it to achieve its goals. PDAB issued a **draft** working document in December 2023, and accepted comments until January 10, 2024. It seems impetuous for the General Assembly to expand the work and authority of PDAB when they haven't yet completed their initial work or finalized and submitted their report for the legislature to review.

The Chamber understands the intent of HB 340, however we urge the committee to consider alternative solutions that safeguard innovation, preserve access to medications, and uphold the economic vitality of Maryland's biopharmaceutical sector.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on HB 340.



¹ <https://commerce.maryland.gov/Documents/ResearchDocument/MarylandLifeSciencesIndustryFactSheet.pdf>

