



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

February 6, 2025

**Testimony in Support of House Bill 424  
Prescription Drug Affordability Board – Authority for Upper Payment Limits  
(Lowering Prescription Drug Costs for All Marylanders Now Act)**

Good afternoon Madam Chair and fellow members of the House Health and Government Operations Committee. Thank you for the opportunity to present House Bill 424 for your consideration. First, I would like to recognize and thank the Madam Chair for her work on HB 768<sup>1</sup>, which established the first Prescription Drug Affordability Board (PDAB) in the nation in 2019. Because of your leadership, the work of this committee and the Prescription Drug Affordability Board, we have made considerable progress in the past year. As you heard on January 15, 2025, the Board has taken comprehensive, transparent, and intentional steps to establish the necessary infrastructure to establish upper payment limits for state and local government plans. Given where they are now and the skyrocketing costs of prescription drugs all Marylanders are facing, the Board is in a prime position to apply this framework statewide. While Maryland emerged as a pioneer by establishing the PDAB—with other states like Colorado, Minnesota, and Washington following suit—it is crucial that our state moves forward to address the growing challenges surrounding drug costs to ensure affordable access for everyone. HB 424 will build on the landmark progress that this committee has made surrounding the PDAB by expanding its authority to set upper-payment limits on drugs for *all* Marylanders.

***The Issue***

The growing costs of prescription drugs are a significant issue that cannot be brushed aside as it has devastating impacts on the health and financial stability of our state and its residents. Roughly 30% of Marylanders report not taking medication as prescribed due to cost.<sup>2</sup> Interest in this issue is widespread across our state, with over 60% of Marylanders showing concern about prescription drug costs.<sup>3</sup> People oftentimes find themselves in an impossible situation where they have to pick between essential medications and other necessities like bills, rent, or groceries. It is also important to note that this issue extends beyond the pharmacy counter. For example, the repercussions of skyrocketing costs eat away at our state and local budgets and increase insurance premiums.<sup>4</sup> Everyone is negatively impacted in one way or another because of

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<sup>1</sup> <https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/HB0768/?ys=2019rs>

<sup>2</sup>

<https://healthcareforall.com/wp-content/uploads/2023/09/Statewide-MD-Poll-on-Prescription-Drug-Affordability-PDAB-091123.pdf>

<sup>3</sup> <https://healthcareforall.com/wp-content/uploads/2023/09/Statewide-MD-Poll-on-Prescription-Drug-Affordability-PDAB-091123.pdf>

<sup>4</sup> <https://www.cbo.gov/publication/57772>

expensive medications and HB 424 provides statewide relief by expanding the authority for the Prescription Drug Affordability Board to set upper payment limits for *all* Marylanders.

### ***Racial Disparities in Healthcare***

It is no surprise that there are socioeconomic gaps in being able to afford the rising costs of prescription drugs, but there are racial gaps that persist as well. As such, the Legislative Black Caucus of Maryland has made this bill one of their top legislative priorities for the 2025 Session. Black and Latino seniors are as much as two times more likely to have difficulty affording prescriptions than their White counterparts. The Black and Latino community report using up to 40% fewer prescription drugs despite being disproportionately impacted by ailments like heart disease and diabetes.<sup>5</sup> The U.S. Department of Health and Human Services observed that African Americans are 60% more likely to be diagnosed with diabetes than White Americans.<sup>6</sup> Many drugs that help address this disease are costly, one of them being the drug Ozempic, which has seen annual price hikes since its introduction, bringing the cost to nearly \$1,000 in 2025.<sup>7</sup> Despite diabetes heavily impacting communities of color, over 70% of the prescriptions go to White patients further indicating racial disparities in the access to treatment because of the high costs.<sup>8</sup> Following the recent COVID-19 pandemic, data shows that people of color have experienced higher rates of COVID cases and deaths compared to their White counterparts.<sup>9</sup> Paxlovid, a drug used to help treat COVID, has more than doubled in cost since 2021.<sup>10</sup> As the data suggests many of these diseases disproportionately impact communities of color—especially African Americans. The rising costs of prescription drugs, paired with persistent socioeconomic and racial inequities leads to many making difficult choices and potentially forgoing the treatment they need. Expanding the authority of the Prescription Drug Affordability Board by setting statewide upper payment limits will ensure that fewer Marylanders are subjected to high drug costs and forced to make difficult choices that put their health at stake.

### ***Debunking Pharma***

One of the main arguments from pharmaceutical companies is that regulations such as statewide upper payment limits, would hinder innovation, research, and development. However, many of these companies spend considerably more on advertising and self-enriching activities than on Research and Development, letting American taxpayers shoulder the burden of innovation and highlighting their true priorities.<sup>11,12</sup> A staggering 83% of Marylanders also agree that pharmaceutical corporations could lower prescription drug costs without undermining research,

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<sup>5</sup> [Drug Pricing Is A Health Justice Issue | Patients For Affordable Drugs](#)

<sup>6</sup> <https://minorityhealth.hhs.gov/diabetes-and-blackafrican-americans>

<sup>7</sup> <https://www.npr.org/sections/shots-health-news/2025/01/14/nx-s1-5250174/drug-prices-rise-drugmakers>

<sup>8</sup> <https://www.cnn.com/2023/09/27/health/semaglutide-equitable-access/index.html>

<sup>9</sup> <https://www.kff.org/racial-equity-and-health-policy/issue-brief/covid-19-cases-and-deaths-by-race-ethnicity-current-data-and-changes-over-time/#:~:text=Total%20cumulative%20data%20show%20that,age%20by%20race%20and%20ethnicity.>

<sup>10</sup> [Pfizer more than doubles price of lifesaving Covid-19 medication Paxlovid as US transitions out of pandemic phase | CNN](#)

<sup>11</sup> <https://www.ineteconomics.org/perspectives/blog/us-tax-dollars-funded-every-new-pharmaceutical-in-the-last-decade>

<sup>12</sup> <https://www.citizen.org/article/profits-over-patients/>

simply by reducing spending on advertising.<sup>13</sup> Another argument posed by these companies is that the supply chain—Pharmacy Benefit Managers and insurers—are the bigger drivers of patient affordability issues. While there are a variety of stakeholders in the prescription drug supply-chain, the Prescription Drug Affordability Board is well equipped to examine the entire system, thoughtfully reviewing economic factors for each product considered. Additionally, the PDAB is in place to propose non-upper payment limit policy recommendations for the legislature to consider, as well.

### ***Why Now?***

Some members may have questions regarding the outstanding Board report that is currently due to this Committee on or before December 1, 2026, which is set to outline the legality, obstacles, and benefits of setting statewide upper payment limits. When this report was first required in 2019, the idea of an upper payment limit was a novel concept. In the years since, we collectively have considerably more information on this process, and it is a different landscape. Since the law’s passage, three other states have established Prescription Drug Affordability Boards with full statewide authority. While an upper payment limit has yet to be established, Colorado is considerably advanced in the process and is likely set to one this year, providing lessons-learned for a Maryland expansion. Additionally, the Medicare Maximum Fair Price negotiation practices of President Biden’s 2022 Inflation Reduction Act provide a strong framework for how rate-setting could be completed. Most importantly, our Board has spent the last several years establishing the processes for state and local government upper payment limits, shedding considerable light on how broader action could be accomplished in Maryland.

It is also worth recognizing that we have seen alarming trends in drug spending since 2019. While industry partners will claim that out-of-pocket costs have remained relatively stagnant over the last few years, that is largely attributable to the growing number of available generic products. When we examine this more closely, we can see that drug spending is heavily driven by a small number of expensive products, with the cost of specialty drugs increasing 43% between 2016 and 2021.<sup>14</sup> We also know that these price increases on brand name drugs directly affect the out-of-pocket burdens to many patients with insurance plans that include deductibles or coinsurance.<sup>15</sup> The urgency of the moment is upon us; we should not let a report envisioned by the Maryland General Assembly seven years ago hold the PDAB back from bringing relief to more Marylanders as soon as possible. Logistically, we have enough learned experiences to move forward without this report, particularly considering the provision delaying implementation of expanded authority.

The Prescription Drug Board deserves many accolades for its hard work and determination in laying the groundwork for prescription drug affordability in our state. The Prescription Drug Affordability Board goes through an extensive cost review process and has the authority to issue upper payment limits on state and local government plans. This bill hopes to build upon this,

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<sup>13</sup><https://healthcareforall.com/wp-content/uploads/2025/01/Gonzales-Report-Marylanders-Citizens-Health-Initiative-January-2025.pdf>

<sup>14</sup><https://aspe.hhs.gov/sites/default/files/documents/88c547c976e915fc31fe2c6903ac0bc9/sdp-trends-prescription-drug-spending.pdf>

<sup>15</sup> <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2779442>

provide Maryland with another tool, and advance plans that will benefit average Marylanders. Now is the time to address this issue given the uncertainty under the new Presidential administration and recent actions taken at the federal level. Maryland was a trailblazer in establishing the Prescription Drug Affordability Board and our state should continue being a leader through the passage of HB 424. Above all, this is our moment to ensure that we put Maryland patients over pharmaceutical profit.

I respectfully request a **Favorable** report.

Thank you for your consideration,

A handwritten signature in black ink, appearing to read "J. White Holland", written in a cursive style.

Delegate Jennifer White Holland