



LEGISLATIVE POSITION:

Unfavorable

House Bill 424- Lowering Prescription Drug Costs for All Marylanders Now Act
Health and Government Operations Committee

Thursday, February 6, 2025

Dear Chairwoman Pena-Melnyk 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 7,000 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 424 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.

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 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.

In 2019, Maryland became the first state to establish a Prescription Drug Affordability Board (PDAB). The law requires the board to review both state and commercial health plans' use of prescription drugs and make recommendations to state officials on ways to make them more affordable for residents. The board is required to submit a report to the General Assembly on legality, obstacles, and benefits of upper payment limits on purchases and payor reimbursements of prescription drugs by December 1, 2026, along with recommendations regarding whether legislation should be passed to expand the authority of the board to set upper payment limits to all purchases of prescription drugs in the state. HB 424 should not be considered until a final report has been submitted and reviewed.

The Chamber understands the intent of HB 424, 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 424**.

