What states are doing to combat rising prescription drug prices

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Prescription drug-price transparency alone is not enough to stem skyrocketing costs, but it is considered an important first step for states to take.

Transparency has helped move the drug-pricing issue forward at the state level with “remarkable momentum” as illustrated by 37 states passing a total of 60 separate drug-pricing laws in 2019, said Jennifer Reck, the project director for the National Academy for State Health Policy’s (NASHP) Center for State Rx Drug Pricing.

She was one of three panelists who took part in an expert discussion on prescription-drug pricing at the AMA State Advocacy Summit in Bonita Springs, Florida.

“The complexity of the system really does beg for greater transparency across the entire supply chain,” Reck told the hundreds of medical society leadership and staff attending the meeting. “There are a lot of opportunities for finger pointing and transparency helps move beyond that.”

At the AMA State Advocacy Summit, Reck’s presentation outlined state efforts to curb costs, which included the passage of 33 laws regulating pharmacy benefit managers (PBMs) in 2019, along with six laws mandating more transparency.

States have targeted PBM gag clauses that prohibit pharmacists from telling consumers about lower-cost drug or payment options. Some states have struck back by mandating disclosure of these options, Reck said. Learn more with the AMA about why it’s time to scrutinize PBMs’ outsized role in prescription decision-making.

Early adopters of drug-price transparency include California, Maine, Nevada, Oregon and Vermont.
Taking data from these states, NASHP calculated that the drugs with the highest total cost or highest cost growth were medications used to treat:

- Diabetes
- Psoriasis, psoriatic arthritis or rheumatoid arthritis
- Asthma
- Hepatitis C
- Multiple sclerosis
- Cardiovascular issues
- HIV

Four states—Colorado, Florida, Maine and Vermont—have passed laws related to importing drugs from Canada. And two states—Colorado and Illinois—have imposed a $100 monthly cap on insulin costs for insured patients.

Reck noted that it’s important that states enacting such laws also guard against cost shifting through rising premiums.

Another panelist, Mary Mayhew, the secretary for Florida’s Agency for Health Care Administration, described her state’s “narrowly focused” Canadian importation program that is seeking to secure a lower-cost pipeline for medications purchased or distributed through Medicaid, the Department of Corrections, county health departments, the Agency for Persons with Disabilities, and the Department of Children and Families.

Find out more with the AMA how prescription drug prices are determined.

**Take action, but expect opposition**

Prescription-drug affordability “is an issue where we’re at the moment of breakthrough,” said panelist Gene Ransom III, the CEO of the Maryland State Medical Society (MedChi).

Noting the number of patients who are forced to decide between filling prescriptions, paying rent, or buying groceries, Ransom said “it affects your patients and we have an obligation to be involved and do something about it.”

He added there is an opportunity for reform because it is an identified problem that people across the political spectrum are looking to solve.
“That’s one thing that’s great about this issue,” Ransom said. “Everyone agrees that drug costs are too high and adversely affecting patient care.”

Maryland passed a law in 2017, also supported by the AMA, giving its attorney general “expansive power to punish generic drug manufacturers” who unconscionably raised prices—called “price gouging” in the law, Ransom said, but a federal judge declared it unconstitutional.

The state subsequently passed a law establishing a Drug Affordability Review Board to set an upper limit on payments for prescription drugs for public purchasers. The board will begin its work in 2022 and its decisions would need approval by the General Assembly’s legislative policy committee.

“For the physicians in the room, go back and push your colleagues and your members to work on this issue,” Ransom said, adding a word of caution to be prepared for well-funded, well-organized opposition.

“So, don’t expect a victory right away—but it’s worth working on,” he said.