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State Drug Cost/Price Transparency Legislation

by Ed Silverman

A look at recent state legislation designed to require prescription drug cost and price transparency from prescription drug manufacturers. Data from the National Conference of State Legislatures.

California

Proposition 61: The California Drug Price Relief Initiative

Summary: Would have required state agencies to pay no more for prescription drugs than the US Department of Veteran Affairs, which receives a federally mandated 24 percent discount from manufacturers. In theory, the measure would have lowered drug costs for up to 7 million residents of California who get insurance coverage for their medicines through various state agencies, including low-income residents on Medi-Cal, the state version of Medicaid.

Status:

11/8/2016 – Defeated on the California ballot

CA A 463: Pharmaceutical Cost Transparency Act of 2015

Summary: Would require each manufacturer of a prescription drug that has a specified wholesale acquisition cost to file a report on the costs for each qualifying drug to the Office of Statewide Health Planning and Development. Would require office to issue a report to the Legislature outlining the information in the manufacturer's report and to post the report on its Internet website. Requires the office to convene an advisory workgroup to develop a form for such reporting requirements.

Status:

2/23/2015 – Introduced

2/01/2016 – Failed

CA S 1010: Health Care: Prescription Drug Costs

Summary: Rx Transparency: Requires a drug manufacturer to inform state purchasers, health care service plans, health insurers, and chairs of specified legislative committees about increases of 10% or more in the wholesale acquisition cost of drugs and of the introduction to market of a prescription drug that has a wholesale acquisition cost of $10,000 or more annually or per course of treatment, and report specified information regarding the drug price.

Requires health insurers that file rate information to report the 25 most frequently prescribed drugs and the average wholesale price for each drug and the 25 most costly drugs by total plan or insurer spending and the average wholesale price for each drug. Relates to submission of rate increases for all large group benefit plans. Failure to comply in 30 days may result in a civil penalty of $1,000 per day.

Status:

2/11/2016 – Introduced

8/24/2016 – Failed – adjourned

Colorado

CO H 1102: Drug Production Costs Transparency

Summary: Requires that drug manufacturers report all research, acquisition, production, marketing and associated costs for certain high-cost prescription drugs (costing $50,000 annually or for a course of treatment). Manufacturer reports are due August 2016; a summary report must be compiled by the Colorado Commission on Affordable Health Care which “shall post the report publicly on its website” by December 2016; the act expires July 1, 2017.

Status:

1/19/2016 – Introduced

3/19/2016 – Postponed indefinitely

Massachusetts

MA S 1048: Transparency and Cost Control of Pharmaceutical Drug

Summary: Promotes transparency and cost control of pharmaceutical drug prices. Requires that a state commission "shall develop a list of critical prescription drugs for which there is a substantial public interest in understanding the development of its pricing. In developing the list, the commission shall consider the following factors: (i) the cost of the drug to public health care programs, including the office of Medicaid and the group insurance commission; (ii) the current cost of the drug in the Commonwealth; (iii) the extent of utilization of the drug within the Commonwealth; and (iv) potential impact of the cost of the drug on the Commonwealth's achievement of the statewide health care cost growth benchmark.'' If the commission ''determines that a prescription drug is significantly high, then the commission may set the maximum allowable price that the manufacturer can charge for that prescription drug that is sold for use'' in the state.

Status:

4/15/2015 – Introduced

6/02/2016 – From Joint Committee on Health Care Financing; pending, but inactive study to end of 2016 session

Minnesota

MN S 934 and MN H 1060

Summary: Requires cost disclosure and transparency by drug manufacturers for qualifying prescription drugs. ''To make information available to the public about the cost of ultra-high-priced pharmaceuticals ($10,000 or more annually) in order to make pharmaceutical pricing as transparent as the pricing in other sectors of the health care industry." Requires annual cost reporting on the most expensive drugs that would allow policy makers, government agencies and others to understand costs for these important products.

Status:

2/18/2015 – Introduced

3/23/2015 – Referred to Senate Committee on Finance

Carryover, Senate Committee on Finance

New York

NY S 7686: Prescription Drug Cost Transparency

Summary: Requires manufacturers of a brand and generic medication that is made available in New York State to file a report annually on pharmaceutical costs for products with a price of $1,000 or more for a 30-day supply or an increased prices within a three-month period of three times the CPI (consumer price index) with detailed statistics on each of 15 segments of actual costs including research, clinical trials, production, marketing, direct-to-consumer advertising, prescriber education, beginning in 2017. Resulting ''information shall be made publicly available onthe department's website.''

Status:

5/12/2016 – Introduced

Pending, Senate Committee on Health

NY A 8265: Pharmaceutical Cost Transparency Act of 2015

Summary: Enacts the Pharmaceutical Cost Transparency Act of 2015 requiring prescription drug manufacturers to file a report disclosing certain financial information pertaining to prescription drugs that have a wholesale acquisition cost of $10,000 or more annually or per course of treatment.

Status:

6/16/2015 – Introduced

6/16/2015 – To Assembly Committee on Health, pending

North Carolina

NC H 839: Pharmaceutical Drugs Cost Reporting

Summary: Requires manufacturers of pharmaceutical drugs to report cost and utilization information. For seven specified categories of drugs (including cancer and all biologics) brand manufacturers would report: (1) total costs derived in the production of the drug; (2) average wholesale cost including increases by month over a five-year period; (3) total researchand development costs paid by the manufacturer;(4) total administrative costs, marketing and advertising costs for the promotion of the drug, and costs associated with direct-to-consumer coupons and amount redeemed; (5) total profit as represented in total dollars and a percentage of total company profit derived from the sale of the drug; and (6) total amount of financial assistance the manufacturer has provided through patient prescription assistance programs.

Status:

4/15/2015 – Introduced

4/15/2015 – To House Committee on Health, pending

Oregon

OR H 3486: Manufacturer of Prescription Drug

Summary: Price and cost transparency: requires manufacturer of prescription drug with annual wholesale acquisition cost of $10,000 or more, or with wholesale acquisition cost of $10,000 or more per course of treatment, to file annual report with Oregon Health Authority on costs associated with prescription drug for previous calendar year.

Status:

3/11/2015 – Introduced; to House Committee on Health Care

7/06/2015 – In committee upon adjournment

Pennsylvania

PA H 2029: Prescription Drug Program

Summary: Establishes the new Prescription Drug Program within the Department of Human Services. "The purposes of the program shall be to: (1) Purchase prescription drugs or reimburse pharmacies for prescription drugs in order to receive discounted prices and rebates. (2) Make prescription drugs available at the lowest possible cost to participants in the program. (3) Maximize the purchasing power of prescription drug consumers in this Commonwealth in order to negotiate the lowest possible prices for the consumers." The department shall automatically

enroll all consumers receiving pharmaceuticals through another department or an agency or entity of the Commonwealth into the program.

Status:

5/02/2016 – Introduced; to House Committee on Health

Pending, House Committee on Health

Rhode Island

RI H 7839 and RI S 2560: Critical Prescription Drug List

Summary: Cost transparency for high-cost pharmaceuticals: would require the Executive Office of Health and Human Services to create a critical prescription drug list where there is a substantial public interest in understanding the development of its pricing. If a prescription drug is placed on the critical prescription drug list, the manufacture of such prescription drug must report certain information to EOHHS. This act would take effect on January 1, 2017.

Status:

3/03/2016 – Introduced

4/26/2016 – In House Committee on Corporations, pending

Vermont

VT S 216: Prescription Drugs

Summary: Provides for pharmaceutical cost transparency, requiring the state to do an annual identification of up to 15 state-purchased prescription drugs “on which the state spends significant health care dollars and for which the wholesale acquisition cost has increased by 50% or more over the past five years or by 15% or more over the past 12 months, creating a substantial public interest in understanding the development of the drugs' pricing.” The state attorney general “shall require the drug's manufacturer to provide a justification for the increase in the wholesale acquisition cost of the drug” in an understandable and appropriate format. Requires that rules be adopted requiring certain insurers to provide information about the State Health Benefit Exchange plan's drug formularies, provides further for drug dispensing fees, reimbursement, a related report and out-of-pocket drug limits.

Status:

01/05/2016 – Introduced; to Senate Committee on Finance

06/03/2016 – Signed by Governor

Virginia

VA S 487: Prescription Drug Price Transparency

Summary: Relates to prescription drug price transparency, requires every manufacturer of a prescription drug that is made available in the Commonwealth and has a wholesale acquisition price of $10,000 or more for a single course of treatment to report to the commissioner no later than July 1 of each year information related to the cost of developing, manufacturing and marketing the prescription drug.

Status:

1/13/2016 – Introduced

1/13/2016 – To Senate Committee on Education and Health

2/4/16 – In Senate Committee on Education and Health; Continued to 2017.

VA H 1113: Prescription Drug Price Transparency

Summary: Relates to prescription drug price transparency, requires every manufacturer of a prescription drug that is made available in the Commonwealth and has a wholesale acquisition price of $10,000 or more for a single course of treatment to report to the commissioner no later than July 1 of each year information related to the cost of developing, manufacturing and marketing the prescription drug.

Status:

1/13/2016 – Introduced

1/13/2016 – To House Committee on Commerce and Labor, pending

Washington

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WA S 6471: Transparency of Prescription Drug Pricing and Costs

Summary: Promotes transparency of prescription drug pricing and costs.

Status:

1/20/2016 – Introduced

3/10/2016 – 2016 1st special session: by order of resolution reintroduced and retained in present status