950 F STREET, NW, SUITE 300 • WASHINGTON, DC 20004 • 202-835-3400 • PhRMA.org

Written Testimony Regarding Sub. House Bill 166
Pharmaceutical Research & Manufacturers of America (PhRMA)
Health & Medicaid Subcommittee
The Ohio Senate
May 16, 2019

Chairman Hackett, Ranking Member Thomas and members of the subcommittee, the Pharmaceutical Research & Manufacturers of America (PhRMA) would like to offer written comments regarding a few of the health care provisions that are currently before the Senate as part of Substitute House Bill 166. PhRMA represents America's biopharmaceutical companies that remain dedicated to conducting crucial research to find cures and treatments to improve the lives of all Ohioans and everyone around the world. Our industry is also very proud to say that we directly and indirectly employ many Ohioans and contribute to the positive economic footprint of Ohio's economy.

PhRMA would like to focus in on two very important issues contained in the House-passed version of Sub. HB 166, namely the mandated implementation of an unproven foreign-based pricing scheme in Ohio's Medicaid program (use of the so-called international pricing index) and the lack of confidentiality of important information under the proposed pharmacy benefit manager procurement process contained in the bill.

PhRMA believes that implementation of the proposed unproven international pricing index (IPI) in Ohio's Medicaid program is not needed. By current federal law, Ohio and other states are already guaranteed the "best price' for drugs under the federal Medicaid Drug Rebate Program. In addition, Ohio law already exists to allow Ohio's Medicaid program to seek and negotiate for "supplemental rebates" that can add additional financial benefits to Medicaid. Overall, Ohio currently receives more than a 50% discount on prescription drugs for the Medicaid programs due to the rebates pharmaceutical manufacturers pay to the state. As you can see, pharmaceutical manufacturers are already significantly supporting to Ohio's Medicaid program.

The IPI concept is currently being debated at the federal level for the Medicare Part B program and is currently limited to 27 drugs that are administered in a physician's office with an anticipated decrease in spending of 30%.[1] ***The IPI is not being considered for application to Medicaid programs at the federal level likely because the rebates Medicaid programs receive through the Medicaid Drug Rebate Program result in greater savings.***

As we are sure you are already hearing from other patient and research organizations, mandated implementation of such price-control concepts like the IPI in Ohio's Medicaid program can lead to a reduction in access to life-saving medications to patients as well as overtly seeking to stifle much-need research and innovation. We believe that randomly adopting an unproven, foreign-based price control mechanism for Ohio's Medicaid that has not thoroughly been vetted is not the best avenue to pursue. We strongly request that the Senate remove this IPI language and

[1] https://www.govinfo.gov/content/pkg/FR-2018-10-30/pdf/2018-23688.pdf p. 54556

allow Ohio's Medicaid program continued access to the current pricing and rebate benefits it experiences in the current environment.

The other issue PhRMA would like to comment on regarding Sub. HB 166 involves the submission and transmission of information as required by the mandated procurement process for a pharmacy benefit manager (PBM) for Ohio's Medicaid program. To be clear, PhRMA has no position on the issue of if the state should use the procurement process detailed in proposed ORC 125.93 to select one PBM to serve the Medicaid program.

However, the language in that proposed section of the bill would require any PBM seeking to secure this sole designation for Medicaid to submit a litany of information to the Department of Administrative Services (DAS) during a procurement process. In turn, additional language in that section of the bill would require the selected PBM to transmit specific financial information to the Medicaid Director and require the Medicaid Director to issue findings in a report to the General Assembly. ***PhRMA is not opposed to the submission of this crucial financial information to DAS or the Medicaid Director, as we believe those entities and officials should have access to this information to make crucial decisions important to Medicaid.***

However, in those three sections of the bill concerning the submission and transmission of financial information from manufacturers and labelers, we are requesting that crucial amendment language be added to the bill that simply provides business information a much-needed confidentiality designation not be subjected to public disclosure. Again, biopharmaceutical manufacturers have no objections with having this information provided to DAS as part of the PBM procurement process nor are we opposed to having this critical business information concerning Medicaid transmitted to the Medicaid Director in order to make sound decisions on prescribed drugs for the program. This requested confidentiality language would simply provide all parties with the needed business climate to potentially produce the best outcomes for Ohio Medicaid and taxpayer dollars.

On behalf of PhRMA and our members, we thank you for the opportunity to share our views on Sub. HB 166 with the subcommittee.