**BIO Statement in Opposition to Substitute House Bill 166 Provisions**

**May 28, 2019**

Chairman Dolan, Vice Chair Burke, Ranking Member Sykes and members of the Finance committee, the Biotechnology Innovation Organization (BIO) respectfully submits written comments regarding the health care provisions that are currently before the Senate as part of Substitute House Bill 166.

BIO is the world's largest trade association representing biopharmaceutical innovators, research institutions, academic institutions, biotechnology centers, and state associations such as BioOhio, across the United State and in more than 30 other nations. Our members develop biologic medicines to treat patients afflicted with serious diseases and conditions. The therapies developed by our member companies delay the onset of disease, and in some cases cure or prevent them from occurring in the first place. These novel therapeutics, vaccines, and diagnostics not only improve health outcomes, but also reduce healthcare expenditures due to fewer physician office visits, hospitalizations, and surgical interventions.

BIO believes it is important to focus two very important issues contained in the House-passed version of Sub. HB 166: foreign price controls through the International Pricing Index (IPI), and the lack of confidentiality of proprietary information under the proposed pharmacy benefit manager procurement process contained in the bill.

BIO believes that implementation of the proposed unproven international pricing index (IPI) in Ohio’s Medicaid program is not needed. Under current federal law, Ohio and other states are 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. In addition, if the IPI price sets a new best price, which it almost certainly would, it would immediately apply nationwide, implementing price controls automatically across the nation. This would result in the adoption of foreign price controls on American innovation, putting America’s patients last and diminish their hope for a better future. The IPI fails to properly consider patient benefit, quality of care, or the impact on all patients and health care providers.

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%. It is not being considered for application to Medicaid programs at the federal level because the rebates Medicaid programs receive through the Medicaid Drug Rebate Program result in greater savings.

The U.S. biopharmaceutical industry is an economic engine, employing nearly 1.7 million American workers, more than 115,000 in Ohio, and accounting for more than half (57%) of all new drugs developed globally. Implementing price controls of any kind can have a chilling effect on innovation. Prescription drug price controls are simply shortsighted, sacrificing long-term gains from future innovation for perceived short-term economic benefits. And any attempt to implement foreign price controls should be fully discussed and debated through the legislative process, and not included in a budget bill.

BIO is also concerned with the need to protect confidential financial information. Currently Sub HB 166 would require any PBM seeking to become the sole Medicaid provider to submit information to the Department of Administrative Services (DAS) during a procurement process. This additional language 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. BIO believes the state should be able to receive appropriate information to make coverage and contracting decisions. However, these sections of the bill concerning the submission and transmission of financial information from manufacturers and labelers do not contain appropriate confidentiality protections for proprietary and trade secret information. 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. This requested confidentiality language would simply provide all parties with needed protections.

For these reasons BIO urges you to strike Section 5167.241 from the legislation and amend needed confidentiality protections.