STATEMENT

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Statement of Opposition Testimony to Ohio Substitute House Bill 92
The Pharmaceutical Research and Manufacturers of America

House Public Health Policy Committee
June 12, 2024

Chairman Mathews, Vice Chairman Stewart, Ranking Member Liston, members of the committee, the Pharmaceutical Research and Manufacturers Association (PhRMA) would like to submit our statement of opposition to substitute House Bill 92, proposed legislation to create a Canadian drug importation program for Ohio. With the change in committee scheduling, we regret not being able to testify today in person, but our association would like to formally render several of our numerous concerns with this proposed legislation; concerns that have already been shared with members of this committee by representatives of PhRMA and our member companies.

First and foremost, PhRMA shares the goals of many on this committee and within the Ohio General Assembly to make prescription drugs and all health care services more affordable for the patients we serve. In fact, our association is working with members of the legislature on innovative ideas and legislation that we know would directly reduce the cost of prescription drugs for patients. Pending legislation such as Representatives Barhorst's and Baker's House Bill 509, the "Share the Savings" legislation that would require drug manufacturers rebates to be directly passed along to patients at the pharmacy counter instead of insurers and pharmacy benefit managers (PBMs) keeping the discounts as profit, and House Bill 177, Representative Manchester's legislation (which has been passed unanimously on two occasions by this committee and has already passed in 21 states) that would prohibit insurers and PBM's from denying third-party financial assistance to patients to assist them meeting their mandated, escalating out-of-pocket insurance expenses are but two bills PhRMA proactively supports that will lower drug costs for patients. ***PhRMA strongly requests that this committee first enact those innovative solutions to truly assist patients in lowering their prescription drug costs rather than adopting an unproven, risky idea like the importation program proposed in Sub. HB 92.***

PhRMA and our member companies would like to share some of the many concerns we have with the importation program proposal in Sub. HB 92:

This legislation could increase the risk to consumer health and safety by weakening the closed supply chain and opening Ohio to increased criminal activity.

Sub. HB 92 would open up our closed distribution system to importation, which would gravely compromise the integrity and safety of the U.S. prescription drug supply. Importation programs present a huge opportunity for unscrupulous suppliers and/or criminal activity to increase the flow of substandard, adulterated or counterfeit drugs, including pills laced with deadly fentanyl, into the U.S. We also believe Sub. HB 92 fails to acknowledge the complexities of establishing a state importation program that adequately protects public health and safety. Specifically, it fails to acknowledge the immense challenges associated with adherence to the federal "tack and trace" system that is currently in place to protect the integrity of our closed supply chain system and protect patients. Any chance that the safety of medications provided to your constituents and all Ohioans is a risk this committee and the Ohio General Assembly should not take.

In addition, the compromising of health and safety standards and potential increased criminal activity due to an Ohio importation program will place additional, unnecessary burdens on national and Ohio law enforcement officials. Law enforcement officials in communities around Ohio, which are already stretched thin in protecting their citizens, potentially will be faced with additional safety duties from threats that could be created by fake or illicit drugs imported to Ohio through a reimportation program.

Sub. HB 92 offers no guarantees that an Ohio importation program will provide significant cost savings that will be passed on directly to patients and fails to recognize the additional resources needed to implement and maintain an importation program.

The Federal Final Rule that allowed Florida to proceed with its importation scheme placed the onus on states to prove "significant cost savings" from a state importation program (SIP) and acknowledges that "SIP Sponsors will face costs to prepare proposals, implement authorized programs, and produce records and program costs." PhRMA strongly believes that the minimal amount of money contained in this proposed Ohio legislation will not come close to adequately meeting the true cost demands that would be required to operate an importation program.

In Florida, a recent **Orlando Sentinel** article titled "Florida has paid vendor $50 million so far for stalled plan to import Canadian drugs" details the vast amount of money paid to a sole vendor (as part of a much larger contract) to operated Florida's importation program. The article states that the company who received this contract has only built a warehouse and has no drugs to distribute from Florida's program; a program that remains stalled and is not benefiting any Floridians through lower drug costs at this moment. As Ranking Member Liston noted in the recent committee hearing when approving the substitute version of HB 92, the actual language in the bill (including specific qualifications of a company which would be eligible to bid on a proposed contract) **MANDATES** that Ohio would be required to place the operation of an importation program into the hands of a private third party and seems to match the pattern desired by a specific third party operating the program in Florida.

These extensive operational costs and no true guarantee that any Ohioan will see significant cost savings should give members of this committee and the General Assembly great pause in considering sub. HB 92.

Canada has made it clear in numerous statements they do not support this importation scheme.

The Canadian and U.S. health care systems are vastly different, and Sub. HB 92 fails to recognize these differences and the challenges of the Canadian prescription drug market. Over the past few years, numerous Canadian health officials have made statements that they will not support any distribution measure that to the U.S. or other entity that would continue to strap their already limited prescription drug supply. We strongly believe that continuation of considering and possibly adopting health care policy decisions impacting Ohioans based on comparison of the U.S. and Canadian health care systems is misguided at best, especially when examining Sub. HB 92.

Mr. Chairman, members of the committee, on behalf of our innovator researched-focused member companies, PhRMA asks that this committee oppose the adoption of Sub. HB 92 and we welcome the opportunity to partner with you in adopting pending legislation in the General Assembly that will truly address the issue of health care costs for all Ohioans.