



NM PRESCRIPTION DRUG AFFORDABILITY BOARD

AARP[®]

NM CAP
NEW MEXICO CONSUMERS
FOR **AFFORDABLE
PRESCRIPTIONS**

EASY ENROLLMENT – LEVERAGING
TAX FILING TO ENROLL ELIGIBLE
NEW MEXICANS

PRESERVING MEDICAID IN A
BUDGET SHORTFALL.

INCREASING HEALTH COVERAGE
AFFORDABILITY FOR LOW INCOME
NEW MEXICANS

Some NM Health Policy Issues for 2021

In addition to reducing
prescription drug prices in
NM.

Medical Debt Protection

Emergency Medicaid
(EMSA) treatment for
undocumented immigrants
who get Covid

Covid Relief for those in
need, business, healthcare

Oral Health elevation at
state and federal level

- US spends equal to 18% of its GNP on healthcare – twice the amount of the 9 other developed countries - with poorer health outcomes. (Papanicolas, Woskie, and Jha 2018). **We are now 25th in the world for life expectancy.**

- **In perspective, the savings of what the next highest GNP country spends on healthcare – 7 percentage points less - would pay for all US public primary and secondary education system** (Natl Academy of Sciences 2019)

US Healthcare Spending

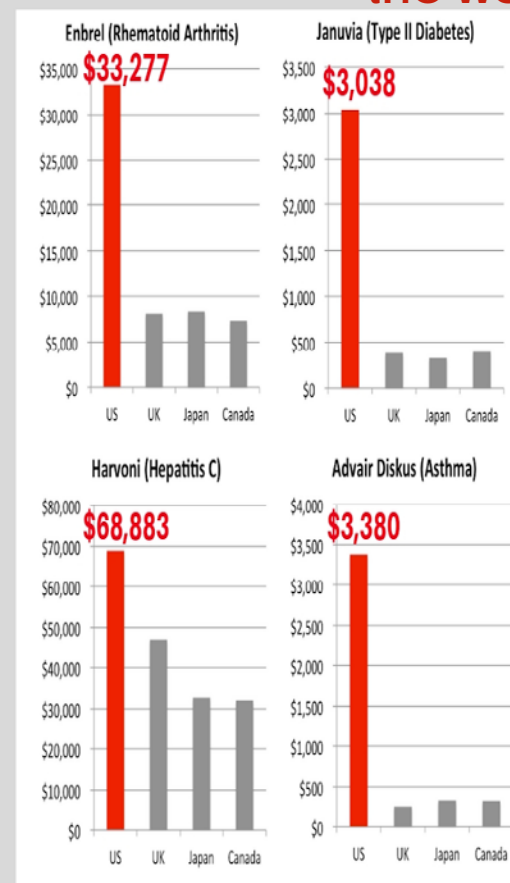
The biopharmaceutical sector facts



The Washington Post, Big Pharmaceutical Companies are Spending Far More on Marketing than Research; February 11, 2015

The biggest driver of prescription drug costs is price increases on existing medications, not new drugs entering the market.

Americans pay more for their prescription drugs than any other developed country in the world.



Source: Johns Hopkins Drug Access and Affordability Initiative

WE'RE ASKING: WHY DO AMERICANS PAY MORE FOR THE SAME PRESCRIPTION DRUGS?

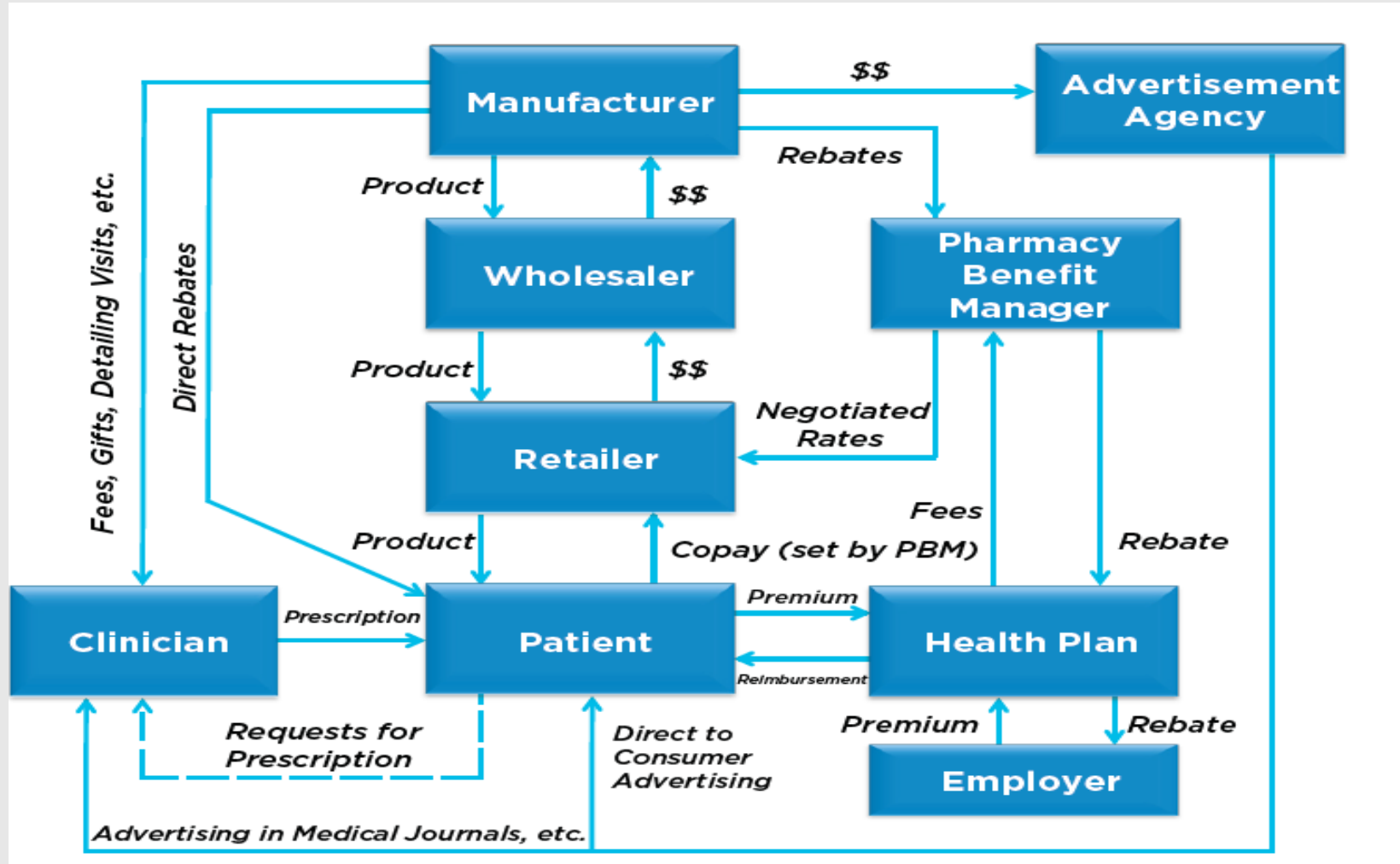


- **Annual expenditures on biopharmaceuticals is nearly 17% at half a trillion dollars of the US health care bill.**
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- **The pharmaceutical industry ranks 2nd in 18 industries according to OpenSecrets.com in lobbying expenditures.**
- **A study by the Institute of New Economic Thinking revealed that over a 10 year period drug companies expended 11% more on share repurchases and dividends than on R&D.**
- **Industry with greatest profit margins: Branded pharmaceuticals with 28% and generics ranked 4th at 26% (Sood et al., 2017)**

Biopharmaceutical sector

Quick Facts

Complexity of the retail market for RX drugs



Price

74% of for all drug patents between 2005 and 2015 were for existing drugs many using evergreening or minor changes of no significance

In 2019, 4,311 prescription drugs experienced a price hike, with the average increase hovering around 21%, according to data compiled by Rx Savings Solutions, a consulting group.

- A Gallup Survey n June 2020 found 90% of Americans worry that drug companies will take advantage of the pandemic to raise drug prices. In addition to the January 2020 average 6.8% increase, in June prices increase 3.5%.

- NM Consumers regardless of race, ethnicity or party affiliation rated the cost of drugs **in their top 4 concerns**: 1. Cost of Health Care. 2. Level of Poverty in NM. 3. Lack of good jobs. 4. **Cost of RX**. These concerns were higher than crime, school quality and funding, coronavirus, & taxes.
- **44%** of New Mexicans answered that they had not filled a prescription or skipped taking medications because of cost concern.
- **78%** favored a Prescription Drug Affordability Board and after hearing oppositional messaging, those favoring a Prescription Drug Affordability remained high at 71%.

Looking at consumer picture in NM

In October 2020, GBAO Polling firm conducted **statewide polling in NM** on medication issues.

Some key findings:

Patient stories

Mr. Valentin Anaya - Socorro

- Mr. Anaya lives in Socorro with his wife and two high school age children. His son has autism so he has been staying at home with him. They are on his wife's insurance where they pay \$800 a month. His insulin is costing him \$400 a month. An injection for a back injury cost him \$500 and are slowly paying that off. They are putting off his required surgery until they can save up for the cost of the surgery.



NM Patient Stories

- Kristina C., Albuquerque, NM

For the past 28 years, I've taken various \$300,000 per-year drugs to treat my Gaucher's disease. Like other patients, I appreciate the innovative breakthroughs for new treatments, but I can't help but wonder if the price tag has reached the point of being absurd. These drug companies are earning unreasonable amounts, and they're earning all of this profit off of people's misfortune. Americans pay more for their prescription drugs than anyone else in the world. Patients like me deserve leadership that works for affordable drugs.



Cecilia and Susana Las Cruces

Cecilia's daughter has a life threatening seizure disorder. Her critical meds were paid until she turned 19 to go off of Medicaid., As a working college student she often struggles to make the medication payments and her mother helps out. Her Mom has been diagnosed with a serious digestive disorder. She has spent a year appealing with her insurance company because she cannot afford the monthly out of pocket costs for her specialty drug. So her illness remains untreated.

Cost of Prescription Drugs

- Patients
- Premiums
- Public Health
- Health Equity

Basic premise for state action on affordable medications



- Consumer access to effective and affordable medicines is imperative for public health, social equity and economic development and this imperative is not served by the biopharmaceutical enterprise as it exists today. Simply stated, the current system is not sustainable.

◦ Making Medicines Affordable, The National Academy of Sciences 2018

PDAB – a state solution being pursued in 15 states and passed in two states

Intent of PDAB

- **Set a maximum amount purchasers and health insurers pay for the costliest drugs**, which reduces costs and increases access for consumers and payers.
- **PDABs regulate Instate costs** for particular drugs among state licensed health care entities

Sets an upper payment limit.
PDABs do not control prices

- **Does not regulate manufacturer list prices.**
- **Upper payment limits** – common in the industry – limits what insurers will reimburse.
- **All residents get the benefit** of the statewide upper payment limit regardless of their health plan or lack of coverage

What is a Prescription Drug Affordability Board?

Prescription Drug Affordability Board

A Prescription Drug Affordability Board is an independent body with the authority to evaluate high cost drugs and set upper payment limits on what state residents will pay. This is similar to existing state practices for utilities and insurance premiums. Upper payment limits apply to the entire supply chain, ensuring lower costs benefit consumers.



Evaluate Expensive Drugs

- New drugs: \$30,000

- Existing brand name: \$3,000 Increase

- Pose any affordability challenge

Entire Supply Chain

- Manufacturers

- Wholesalers/PBMs

- Insurers/Pharmacies

Upper Payment Limits

- Set fair, affordable rates

- Consider barriers

- Apply to all purchasers and payor reimbursements



**DRUGS DON'T WORK IF PEOPLE
CAN'T AFFORD THEM.**

