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What is a Prescription Drug Affordability Board?

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A prescription drug affordability board is a way to lower the price of medicines at the state level by using collective bargaining to achieve a lower price (Sklar & Robertson, 2019). While the exact structure varies between states, members of the board are appointed from various stakeholders to review the cost of high-cost and generic drugs. Board members propose a reimbursement scheme for drugs purchased through state programs which is then approved by the legislature or the governor. Prescription prices have increased steadily over the years, to the point where nearly 1 in 4 Americans and a substantial majority approve of price control measures (Cox et al., 2016). 39% of New Mexicans have skipped or refused a medical test because they could not afford it (2019). When patients are unable to afford their medication, they may ration their prescription or seek alternative treatments that worsen their condition, or create other health problems. Price control measures are already in effect at the federal level; drug companies have worked to lower the prices of medications for those covered by Medicaid, among other programs (Gillett & Gal, 2019). Drug Affordability Boards seek to establish some of those same price control measures for those that do not qualify for federal programs.

What other states have done:

The Prescription Drug Affordability Boards in Maryland and Maine establish commissions made up of various stakeholders to review reimbursement schemes for drugs according to price or affordability challenge, and while Maryland has established lower thresholds, Maine's drug affordability board targets those that meet the following criteria:

- Cost more than \$30,000 (proprietary) or \$3,000 (generic) for a year of treatment
- Increase in price by 10% or \$3,000 in one year (proprietary), or \$300 for a 30 day supply (generic)
- When the drug creates affordability challenges for state healthcare systems and patients

Maryland's affordability board came after the 2017 Anti-Price-Gouging Act was struck down; the 2017 bill failed because it attempted to regulate the prices charged by manufacturers to wholesalers, which occurred out of state. The current board got around this by targeting prices between the wholesaler and the state purchasers; the board establishes reimbursement levels that the wholesaler must accept to sell their pharmaceuticals to state, county, and local government plans. As part of the board review, drug manufacturers have the opportunity to

explain prices or price increases. The reimbursement levels are reviewed by the legislative policy committee or sent to the governor and state attorney general for approval.

Advantages:

- Allows for transparency in drug pricing.
- Creates a framework for pricing control.
- Oversight from the state government
Increases in strength as more states create affordability boards

Disadvantages:

- Only covers high-cost medications.
- Only affects prices for state plans.
- Manufacturers can refuse to sell to state plans.
- Only as strong as the size of the state

How A Drug Affordability Board builds on New Mexico's Work

A prescription drug affordability board is an important part of price control legislation for the state of New Mexico. An affordability board would pass savings along to state purchasers and those not covered by existing federal programs. A board could work with other measures like the proposed drug importation program to establish a method by which prices are set for the state. A board could also fit in with existing drug price transparency laws to provide a formal method for reporting and commenting on drug prices. Together with existing laws, an affordability board could create a system to lower prices for high cost drugs, and inform New Mexicans about how and why the price of their medication has increased.

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