

Families Need Relief from Runaway Prescription Drug Costs: State Prescription Drug Affordability Boards Can Help

THE PROBLEM: RX DRUG PRICES ARE TOO HIGH

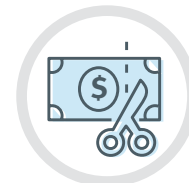
High prescription drug prices are forcing people to choose between filling their prescriptions and filling their fridge.



Almost 30% of adults skip or forgo their medications as prescribed due to cost.¹



Almost 20% of high health insurance premiums are due to high prescription drug costs.^{2,3}



And, as monthly premiums increase, wages rise more slowly.⁴

Taken altogether, it is clear that high and rising drugs prices are compounding families' financial insecurity.⁵

THE SOLUTION: PDABs WITH UPLs

States play a critical role in reining in prescription drug costs for individuals and families across the country. Enacting legislation that creates a **prescription drug affordability board (PDAB) with the ability to set upper payment limits (UPLs)** empowers states to evaluate the affordability of medications and lower the financial burden of prescription drugs for their residents.



PDABs give state lawmakers the flexibility to be able to respond to the unique instances in their market, the things they're hearing from their constituents, being able to set something that works for their employers, their state government and local government ... prescription drugs don't work if patients can't afford them ... prescription drugs don't work if government can't afford them.

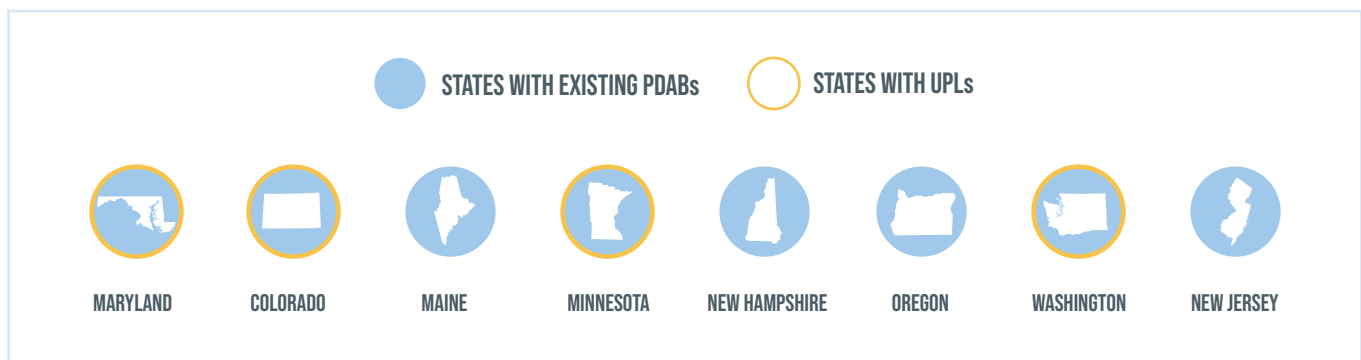
— Patrick Keenan, Pennsylvania Health Access Network (PHAN)



PDABs with UPLs are key solutions for states to make drugs more affordable for their residents

PDABs can come in many forms, but at their core they establish a board of experts who analyze and evaluate the affordability of drugs that are purchased by residents and insurance plans in their state.⁶ A state's PDAB authority can range from only impacting public plans to almost all state-regulated plans in their state.⁷ The UPL is an essential tool in being able to take action to lower costs once a drug is deemed unaffordable. Giving the PDAB the authority to establish UPLs allows the state to limit the amount that plans will pay for a drug that the Board has determined is unaffordable, and therefore reduces the out-of-pocket cost to consumers.⁸

There are eight states with existing PDABs: Maryland, Colorado, Maine, Minnesota, New Hampshire, Oregon, Washington and New Jersey; and four can set UPLs: Maryland, Colorado, Minnesota and Washington.⁹ Numerous states are in the process of building legislation to establish a PDAB and all states should work towards using this mechanism to address the affordability of prescription drugs in their state.



No one should have to choose between their lifesaving or life sustaining medication and basic needs.

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Endnotes

¹ “Poll: Nearly 1 in 4 Americans Taking Prescription Drugs Say It’s Difficult to Afford Their Medicines, Including Larger Shares Among Those With Health Issues, With Low Incomes and Nearing Medicare Age,” KFF, n.d., <https://www.kff.org/health-costs/press-release/poll-nearly-1-in-4-americans-taking-prescription-drugs-say-its-difficult-to-afford-medicinesincluding-larger-shares-with-low-incomes/>; Ashley Kirzinger et al., “Public Opinion on Prescription Drugs and Their Prices,” KFF, August 21, 2023, <https://www.kff.org/health-costs/poll-finding/public-opinion-on-prescription-drugs-and-their-prices/>.

² Kim Keck, “Six Ways We’re Lowering Drug Prices,” Blue Cross Blue Shield of America, March 3, 2022, <https://www.bcbs.com/the-health-of-america/articles/six-ways-were-lowering-drug-prices#:~:text=In%20the%20United%20States%20today,cost%20can%20be%20much%20higher.>

³ “Your Health Care Dollar: Vast Majority of Premium Pays for Prescription Drugs and Medical Care,” AHIP, September 6, 2022, <https://www.ahip.org/news/press-releases/your-health-care-dollar-vast-majority-of-premium-pays-for-prescription-drugs-and-medical-care.>

⁴ Sam Hughes, Emily Gee, and Nicole Rapfogel, “Health Insurance Costs Are Squeezing Workers and Employers,” Center for American Progress, November 29, 2022, <https://www.americanprogress.org/article/health-insurance-costs-aresqueezing-workers-and-employers/#:~:text=Over%20the%20past%20decade%2C%20ESI,growth%20between%202015%20and%202019.>

⁵ “Poll: Nearly 1 in 4 Americans Taking Prescription Drugs Say It’s Difficult to Afford Their Medicines, Including Larger Shares Among Those With Health Issues, With Low Incomes and Nearing Medicare Age,” KFF, n.d., <https://www.kff.org/health-costs/press-release/poll-nearly-1-in-4-americans-taking-prescription-drugs-say-its-difficult-to-afford-medicinesincluding-larger-shares-with-low-incomes/>; Sam Hughes, Emily Gee, and Nicole Rapfogel, “Health Insurance Costs Are Squeezing Workers and Employers,” Center for American Progress, November 29, 2022, <https://www.americanprogress.org/article/health-insurance-costs-aresqueezing-workers-and-employers/#:~:text=Over%20the%20past%20decade%2C%20ESI,growth%20between%202015%20and%202019.>

⁶ Bobby Clark and Marlene Sneha Puthiyath, “Can State Prescription Drug Affordability Boards Address High-Cost Drug Prices?,” The Commonwealth Fund, October 11, 2022, <https://www.commonwealthfund.org/blog/2022/can-state-prescription-drug-affordability-boards-address-high-cost-drug-prices.>

⁷ “Comparison of State Prescription Drug Affordability Review Initiatives,” National Academy for State Health Policy, January 4, 2024, <https://nashp.org/comparison-of-state-prescription-drug-affordability-review-initiatives/>.

⁸ “FAQs Cont.: Prescription Drug Affordability Board,” Campaign for Affordable Drugs Colorado, <https://cohealthinitiative.org/wp-content/uploads/2021/03/PDAB-FAQs.pdf>; Drew Gattine and Kris Vallecillo, “NASHP Releases Model State Legislation to Lower the Cost of Prescription Drugs,” National Academy for State Health Policy, November 7, 2022, <https://nashp.org/nashp-releases-model-state-legislation-to-lower-the-cost-of-prescription-drugs/>; Bobby Clark and Marlene Sneha Puthiyath, “Can State Prescription Drug Affordability Boards Address High-Cost Drug Prices?,” The Commonwealth Fund, October 11, 2022, <https://www.commonwealthfund.org/blog/2022/can-state-prescription-drug-affordability-boards-address-high-cost-drug-prices>; Hannah Markus and Sandra Wilkniss, “2020 State Legislation on Prescription Drug Affordability,” Families USA, September 2020, https://familiesusa.org/wp-content/uploads/2020/09/RX-135_2020-Prescription-Drug-Legislative-Wrap-Up_D.pdf.

⁹ “Comparison of State Prescription Drug Affordability Review Initiatives,” National Academy for State Health Policy, January 4, 2024, <https://nashp.org/comparison-of-state-prescription-drug-affordability-review-initiatives/>; “Governor Murphy Signs Legislative Package to Make Prescription Drugs More Affordable for New Jerseyans,” Official Site of the State of New Jersey, July 10, 2023, <https://www.nj.gov/governor/news/news/562023/approved/20230710a.shtml#:~:text=%E2%80%9CA%20Drug%20Affordability%20Council%20will,or%20for%20other%20essential%20needs.>



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