

AARP® Real Possibilities Michigan

309 N. Washington Square, #110 | Lansing, MI 48933
1-866-227-7448 | Fax: 517-482-2794 | TTY: 1-877-434-7598
aarp.org/mi | miaarp@aarp.org | twitter: @aarpmichigan
facebook.com/aarp.michigan

September 1, 2020

The Honorable Hank Vaupel, Chair, and
Members of the House Health Policy Committee

Re: HB 5937-5944

Dear Chairman Vaupel and Committee Members,

AARP is a nonprofit, nonpartisan 501(c)(4) organization that advocates on issues that matter the most to people age 50 and over, with nearly 1.4 million members in Michigan. AARP is committed to championing access to affordable, quality prescription drugs, and we are pleased to have the opportunity to provide these comments.

We are here today to offer our support for HBs 5937-5944, and in particular HB 5937, which would create the Drug Manufacturer Data Reporting Act requiring drug manufacturers to disclose information on costs and pricing to the state Department of Financial and Insurance Services.

AARP supports this bill package and is fighting on behalf of Michiganders to *Stop Rx Greed* and hold drug manufacturers accountable for the following reasons:

- **Drug prices are out of control.** Prices of brand-name prescription drugs have increased 57.8% between 2012 and 2017, while inflation during that period increased only 13.3%.
- **Advertising increases cost.** The United States is the only country in the world where drug manufacturers advertise. In 2018 they spent \$6 billion, and drug prices in the United States tripled compared to our European neighbors.
- **Americans depend on their prescriptions.** A recent AARP survey found that 1 in 3 adults stopped taking lifesaving medications due to the cost.
- **High prices put an unfair burden on older Americans.** Data from 2018 shows the average annual cost for one brand name drug used on a chronic basis now exceeds \$6,800. For the average older American taking 4.5 prescription drugs per month, this translates into an average annual cost of therapy of \$30,600. This amount exceeds the median income of \$26,000 for Medicare beneficiaries.

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- **High drug prices raise costs for everyone.** High drug costs increase health insurance premiums and cost sharing for all people with health coverage.
- **Taxpayers foot the bill.** Higher prescription drug spending also increases costs for programs such as Medicare and Medicaid. This translates into higher taxes, cuts to public programs or both.
- **Michigan residents want you to hold manufacturers accountable.** 87% of Michiganders want to see more transparency in drug pricing. We know this will not immediately lower prices, but it will hold manufacturers accountable and help payers determine whether a drug price is justified. More price scrutiny would ultimately push companies to reconsider their standard practices of setting high prices and increasing them year after year.

One reason drug prices are so high is that pharmaceutical companies are currently allowed to set them with no transparency. Patients deserve to know how much taxpayer-funded research went into developing a drug, and how much manufacturers spent on advertising compared to research and development. The best drugs in the world don't work when people can't afford them, and one in three Michiganders are facing that hard reality.

AARP urges you to help lower drug costs in Michigan by passing this package of bills. If you have any questions please reach out to Melissa Seifert, Associate State Director for Government Affairs, at mseifert@arp.org or 517-316-6393. Thank you for your work on this important issue.

Respectfully,



Paula D. Cunningham
State Director



Lisa Dedden Cooper
Manager of Advocacy



Melissa Seifert
Associate State Director for
Government Affairs

How Michigan Residents Are Impacted By High Rx Costs



982,329

Michigan Residents have been diagnosed with cancer.¹



976,574

Michigan Residents have pre-diabetes or diabetes.¹



404,575

Michigan Residents have heart disease.¹

Between 2012 and 2017, the price of these name brand drugs increased:

Revlimid

treats forms of cancer

from \$147,413/yr

to \$247,496/yr²



Lantus

treats diabetes

from \$2,907/yr

to \$4,702/yr²



Aggrenox

treats heart disease

from \$3,030/yr

to \$5,930/yr²



In 2017, 32% of Michigan Residents stopped taking medication as prescribed due to cost.³

Sources:

¹ Total does not include skin cancer. Source: AARP Public Policy Institute analysis using 2017 data from the Behavioral Risk Factor Surveillance System.

² Stephen W. Schondelmeyer and Leigh Purvis. Rx Price Watch Reports. Washington, DC: AARP Public Policy Institute, June 2019, <https://doi.org/10.26419/ppi.00073.000>.

³ Among 19-64 year old population. State Health Access Data Assistance Center (SHADAC) analysis of National Health Interview Survey data, State Health Compare, SHADAC, University of Minnesota, statehealthcompare.shadac.org, Accessed September 5, 2019