



Your Generics & Biosimilars Industry

February 27, 2023

Senator Melissa Wiklund
Chair, Senate Health and Human Services
95 University Avenue
Minnesota Senate Building, 2107
St. Paul, MN 55155

Regarding: SF 328
AAM Position: Oppose

Dear Senator Wiklund,

On behalf of generic and biosimilar manufacturers, the Association for Accessible Medicines (AAM) writes to convey its opposition to Senate File 328. AAM is the leading trade association for the developers and manufacturers of generic and biosimilar medicines. Its core mission is to improve the lives of patients by advancing timely access to high quality, affordable, and FDA-approved generic and biosimilar medicines. Generic and biosimilar drug manufacturers saved Minnesota \$5.3 billion in 2021 and lower-cost biosimilar drugs have increased patient access to care by more than 150 million days of therapy. The mandated reporting requirements with state posting of misleading information and its failure to recognize cost saving biosimilar medications, are unnecessary and potentially could harm patient access to low-cost medicines. For these reasons, AAM must oppose SF 328.

SF 328 would require all drug manufacturers that produce a drug with a wholesale acquisition cost (WAC) of \$100 or more for a 30-day supply or for a single course of treatment to report extensive information to the state regardless of the amount of savings these medications may provide. This report will be in addition to the Minnesota Prescription Drug Price Transparency Act and would result in potentially duplicative reporting. Moreover, none of the information obtained from SF 328 will result in lower prescription drug costs for Minnesota patients.

The state is required to publish information obtained from the manufacturer, including the WAC price. The WAC price does not reflect patient costs at a pharmacy counter and public posting of this information may cause confusion potentially leading patients to forgo medically necessary prescriptions. Manufacturers typically sell a medication at a significantly reduced price from the listed WAC. At the same time, health plans and pharmacy benefit managers (PBMs) determine what a patient's share of cost—if any—will be at the pharmacy counter. There may be a significant difference between a generic medicine's WAC price and the cost to the patient. Thus, this information will not aid a patient's health care decisions and could result in a prescription not being filled.

As introduced, SF 328 prohibits a manufacturer from increasing the price of a drug if it is 1) reported by the manufacturer for a WAC price of \$100 or more and 2) if it is placed on a Minnesota formulary. Generic manufacturers sell to wholesalers, and these transactions generally occur outside of Minnesota. The regulation of commerce between entities outside of Minnesota in SF 328 raise significant legal concerns.

Article 2 of the bill would prevent health plans from eliminating coverage for a brand drug or moving it to a higher cost tier unless a generic or "multisource brand name drug rated as therapeutically equivalent according to the FDA Orange Book" or an interchangeable biologic is

made available on the formulary at a lower cost. This provision could delay patient access to lower-cost biosimilar medicines once approved by FDA and on the market. Biosimilar drugs are safe and effective and have been used in over 364 million days of patient therapy. On average a biosimilar is priced 50% less than the cost of the reference product at launch and have led to an average 25% reduction in the cost of the reference product. This provision ignores the significant savings available from the use of biosimilar medicines by limiting what medications a health plan may cover—not what drugs may be substituted at the pharmacy counter. Patients will pay significantly more and be denied access to life-saving medications through this prohibition against adding access to lower-cost biosimilars on formularies mid-year.

For these reasons, AAM opposes SF 328. If you have any questions or concerns regarding this opposition, please feel free to contact me at brett.michelin@accessiblemeds.org.

Sincerely,

A handwritten signature in cursive script that reads "Brett Michelin".

Brett Michelin
Senior Director, State Government Affairs
Association for Accessible Medicines