

The Murphy Administration Works with Legislative Partners to Advance Prescription Drug Price Affordability and Transparency Bill Package

Each year, hundreds of thousands of New Jerseyans struggle to afford the cost of their prescription drugs. A 2020 poll found that one in five New Jersey residents either did not fill a prescription or did not take their drugs as prescribed due to concerns about cost.¹ Affordability barriers are particularly acute for some residents with chronic conditions, who rely on life-saving medications such as insulin, epi pens, and asthma inhalers.

The Murphy Administration is committed to advancing health care affordability and access for New Jersey residents across the health care system, and while the Administration has made significant progress advancing these goals over the last four years, there is more to be done.

Last year, the Governor signed Executive Order #217 which directed the Office of Health Care Affordability and Transparency to lead the Health Care Affordability Interagency Working Group, which includes the Departments of Banking and Insurance, Health, Human Services, Treasury and the Division of Consumer Affairs to study, identify and develop opportunities to advance affordability across programs, markets and across key areas of health care – from hospital and providers costs, to insurance premiums and prescription drug prices.

Today's announcement is a culmination of some of this work and complements the administration's work on mitigating the unsustainable rate of health care cost growth through benchmarks. This bill package includes immediate consumer relief for certain common emergency access medications, where possible, with regulatory and oversight mechanisms for Pharmacy Benefits Managers and transparency efforts designed to improve consumer, payor and state level understanding of spending and costs across the pharmaceutical drug supply chain. Critical transparency measures will shed light on the cost drivers behind high prescription drug prices and support competitive action across the market.

In collaboration with key legislative partners, the Administration supports the following package of bills.

Capping out of pocket costs to provide consumer relief (S1614): This bill places a flat cap on patient out-of-pocket costs for three common emergency access medications. Anyone covered by a state-regulated health plan, the State Health Benefits or School Employee Health Benefits plans would be able to fill a prescription for insulin at \$35 or less per 30-day supply, epi pens for \$25 or less, and asthma inhalers for \$50 or less. Roughly 2 million residents are covered by one of these plans.

Achieving comprehensive prescription drug price transparency across the supply chain to better understand cost drivers, build accountability and support competitive action across the market. (S1615): This bill establishes data reporting requirements, across several measures, for pharmaceutical manufacturers, PBMs, wholesale drug distributors, and insurance carriers for an

¹ Altarum Healthcare Value Hub (August 2020), *New Jersey Residents Worried About High Drug Costs – Support a Range of Government Solutions*.

annual reporting process highlighting state specific spending, emerging trends in prescription drug pricing, and more.

Building and improving oversight of business and pricing practices of Pharmacy Benefit Managers (S1616): This proposal regulates a variety of PBM business practices, setting standards for multiple source generic pricing, preventing spread pricing, and requiring transparency in contracts that PBMs negotiate with carriers and pharmacies. As intermediaries between manufacturers and providers, PBMs play a critical role in negotiating rebates and discounts with downstream effects on drug pricing. This proposal focuses on promoting greater transparency and reducing patient costs at the point of sale.

Negotiating more competitive drug prices for Medicaid, saving taxpayers money while maintaining access for consumers: This bill would allow DHS to quickly secure a vendor to manage the Medicaid Multi-State Pooling Supplemental Rebate Arrangement program and associated uniform Preferred Drug List for the NJ FamilyCare program to drive the use of preferred, typically lower cost drugs and maximize Medicaid rebates. The bill paves the way for DHS to join one of three available multi-state Medicaid purchasing prescription drug pools, which combine the purchasing power of Medicaid enrollees in several states to negotiate more competitive drug prices.