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March 23, 2023

Senate State and Local Government and Veterans Committee
Minnesota Senate
100 Rev. Dr. Martin Luther King Jr. Boulevard
Saint Paul, MN 55155

Dear Senator,

On March 24, 2023, the Senate State and Local Government and Veterans Committee will hold a hearing on [SF 168](#). On behalf of the 32,448 members and supporters of the Council for Citizens Against Government Waste (CCAGW) in Minnesota, I urge you to oppose this legislation, which would impose price controls on prescription drugs through the establishment of the Prescription Drug Affordability Review Board. Throughout history, [price controls](#) have distorted markets, hurt innovation, and exacerbated the problems they were created to fix.

SF 168 will create a seven-member Prescription Drug Affordability Board appointed by the governor, House and Senate leaders, along with a hired executive director and staff, to review prescription drug prices. The legislation also creates a 12-member Prescription Drug Affordability Council appointed by the governor to represent stakeholders, including patients, the healthcare industry, and pharmaceutical companies. The board will be charged with reviewing brand name drugs, biologics, generic drugs, and biosimilars based on increases in the wholesale acquisition cost (WAC) within certain time periods or introductory prices. The board will have full authority to act if it is determined that a drug price is “too high,” an upper payment limit will be established. If a drug company does not comply with the upper payment limit, among other penalties, the Office of the Attorney General may pursue “appropriate criminal charges if there is intentional profiteering.”

The establishment of an upper payment limit is a price control that will further distort the medical marketplace and expand government control of the Minnesota healthcare system. This bill will not only fail to reduce prices but also harm patients by stifling the development of new treatments and cures. The WAC is essentially a list price and does not represent what a patient will pay at the pharmacy after negotiations have occurred among pharmaceutical companies, insurers, pharmacy benefit managers, and pharmacies to lower out of pocket costs for patients.

Instead of imposing damaging price controls, legislators should contact Minnesota’s federal representatives and encourage them to hold the Food and Drug Administration’s feet to the fire for faster generic drug approvals and create an environment that encourages more “me too” drugs that will foster competition among branded pharmaceuticals that are in the same class and still under patent. A permanent market-based solution will lower prices, not more government intrusion. I urge you to oppose SF 168 and refrain from enacting any form of drug price control legislation in Minnesota.

Sincerely,

Tom Schatz