

June 14, 2021

The Honorable Tina Liebling
Chair, Minnesota House Health Finance and Policy Committee
Minnesota State Capitol
St. Paul, MN 55155

Re: In opposition of House & Senate HFP / HHS Omnibus budget legislation inclusion of biosimilar language related to HF 1516 / SF 990

Dear Representative Liebling,

On behalf of Lupus and Allied Diseases Association, Inc. (LADA), I am writing this letter both as an advocacy organization leader and individual who struggles to manage multiple autoimmune conditions to share our concerns with and opposition to language passed by the House of Representatives that is currently being considered for inclusion in the in the Minnesota House and Senate HFP / HHS Omnibus budget legislation. This language is related to biosimilars bill (HF 1516 / SF 990), “A bill that would provide for pharmacy and provider choice related to the prescribing and dispensing of biological products; requiring a report.”

As a national organization led by people with lupus and allied diseases who represent people with complex medical conditions as well as loved ones, care partners, and healthcare professionals that deal with serious health conditions on a daily basis, we understand the importance of addressing medical costs while still advancing innovative treatments. We wholeheartedly support the utilization of biosimilars as they provide lower cost treatment options for patients, however, we support provisions that allow healthcare providers to treat their patients in a manner that they deem most appropriate in order to safeguard vulnerable Americans and promote health equity.

We understand that although the intention of HF 1516 / SF 990 and its proposed language is to promote competition and lower prices, nonetheless, we strongly believe that it will have the exact opposite effect and negatively impact patients by actually escalating, instead of decreasing medication costs. We ask that you help to ensure that Minnesota patients have affordable access to their vital medications by **not implementing the language included in HF 1516 / SF 990**. The urgent need for this has only been intensified during the COVID-19 pandemic as countless Minnesota families face financial uncertainty.

The legislative provisions assume that products with lower wholesale acquisition cost (WAC) or “list” price translates into lower costs for healthcare payers and patients. However, list price is the price before any rebates, discounts, or other price concessions are offered by the drug manufacturer. In practice, manufacturers of biologics must compete on net cost in order to secure a preferred formulary position, but due to negotiated discounts with health plans and PBMs, the net price of a reference product may end up being substantially lower than the net price of a biosimilar with a lower WAC/list price.

The availability of biosimilars currently places downward pressure on net prices by forcing reference product manufacturers to heavily discount their drugs in order to compete. By focusing on the WAC rather than the true (net) cost of the medicine after rebates and discounts, the bill's language actually removes the incentive to compete on net prices. We believe that this will result in higher out-of-pocket costs and health insurance expenditures which will equal greater, rather than lower outlays for Minnesota patients.

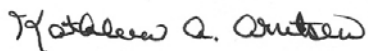
Payers currently have the ability to use medical management and formulary tools to negotiate costs well below the WAC, however, this incentive is removed by requiring health plans to cover all approved products in a class (regardless of net cost). The preferential treatment of biosimilar prescription medications would actually produce higher costs to patients and their health insurers. We believe that access to affordable medications would therefore actually be reduced instead of enhanced by enacting this legislation.

The Lupus and Allied Diseases Association was founded in 1978 and is a non-profit organization led by people with lupus and allied diseases and their loved ones who are dedicated to ensuring that the patient perspective is included and recognized as an equal stakeholder in the healthcare, regulatory and public policy arenas and across the research continuum. It is our goal to improve access to care and quality of life by fostering collaboration among stakeholders and by wielding the patient voice as a catalyst to advance innovative advocacy, education, awareness and biomedical research initiatives that will identify causes, advance better diagnostics, and discover superior treatments, and cures.

We urge you to **consider the negative impact that this unprecedented legislation would have on the medication marketplace in Minnesota and request that you not adopt the language included in HF 1516 / SF 990**, but instead stand with patients and work with organizations like ours to develop and support provisions that improve healthcare and treatment access and affordability. We must remain vigilant in protecting Minnesota patients while promoting unfettered access to life-sustaining and lifesaving treatments.

Please do not hesitate to contact me at 315-264-9101 or kathleen@ladainc.org if you have any questions and thank you for considering our unique patient perspective on this important issue. We look forward to hearing back from you.

Respectfully submitted,



Kathleen A. Arntsen
President & CEO

Cc: Senator Michelle Benson