

June 14, 2021

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

Re: House & Senate HFP/HHS Omnibus budget legislation – biosimilar provisions (oppose)

Dear Representative Liebling,

As chair of the Global Colon Cancer Association (GCCA) I write to you today on behalf of the tens of thousands of patients we represent in the State of Minnesota, to share our concerns regarding language passed by the House of Representatives and being considered for inclusion in the in the House and Senate HFP/HHS Omnibus budget legislation. This language is related to the biosimilar language (HF1516), “A bill that would provide for pharmacy and provider choice related to the prescribing and dispensing of biological products “

GCCA is a global organization with 50 patient advocacy organizations across 34 countries. We represent 6 million patients worldwide, 1.2 million of them in the U.S., and thousands of patients in Minnesota. GCCA believes in promoting the use of biosimilars with the goal of offering new therapeutic options and reducing healthcare costs for patients.

It is our view that HF 1516 and/or similar language being considered for inclusion in the HHS/HFP Omnibus Bill, while intended to promote competition and lower prices, may result in unintended negative consequences and we believe will increase and not reduce drug costs for Minnesota patients.

The legislative provisions assume, incorrectly, 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 discount their products heavily 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 removes the incentive to compete on net prices. We believe that this most likely will result in patients paying higher out-of-pocket costs and that their health insurance could also see prices rise resulting in higher rather than lower costs for Minnesota patients.

Currently, payers have the ability to use medical management and formulary tools to negotiate costs well below the WAC, however, by requiring health plans to cover all approved products in a class (regardless of net cost), it removes this incentive.



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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 be reduced by enacting this legislation.

Given the current global healthcare crisis in which Minnesota residents and others throughout the world are experiencing hardship in dealing with the COVID-19 pandemic, individuals already struggling to manage their chronic and rare medical conditions are now facing additional challenges in covering the cost of their medication and accessing appropriate healthcare.

For these reasons, GCCA and our membership ask you to consider the negative affect this unprecedented legislation would have on the medication marketplace in Minnesota and request that you not adopt the language found in HF1516.

Respectfully submitted,

Andrew R. Spiegel
CEO, Global Colon Cancer Association