April 7, 2022

The Honorable Tina Liebling
Chair, Minnesota House Health Finance and Policy Committee

Senator Paul Utke
Chair, Minnesota Senate Health and Human Services Finance and Policy Committee

Re: HF 1516/SF 990 (Oppose)

Dear Representative Liebling and Senator Utke,

On behalf of Alliance for Safe Biologic Medicines (ASBM) and the countless stakeholders that we represent, we are writing to you to share our concerns regarding language in HF 1516, "A bill for an act relating to health; allowing pharmacy and provider choice related to the prescribing and dispensing of biological products; requiring a report; amending Minnesota Statutes 2020, section 151.01, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 62W", and its companion bill SF 990.

ASBM is an organization comprised of diverse healthcare organizations and individuals representing patients, physicians, pharmacists, biopharmaceutical manufacturers of both originator and biosimilar products, researchers and others who are working together to ensure patient safety is at the forefront of the biosimilars policy discussion. ASBM 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/SF 990, while intended to promote competition and lower prices, may result in unintended negative consequences- such as actually increasing, rather than lowering, drug costs for Minnesota patients.

For example, In Subd. 2; section (b) the bill language states:

> (b) If a pharmacy benefit manager or health carrier elects coverage of a product listed in paragraph (a), clauses (1) to (3), it must also elect equivalent coverage for all of the products listed in paragraph (a), clauses (1) to (3).

Clauses (1) to (3) refer to reference products, biosimilars, and interchangeable biosimilars, respectively.

Under current law, manufacturers must compete on net price to win a preferred formulary spot. This is accomplished through negotiated discounts, rebates, and other price concessions that often bring the net cost down far below the "list price" or Wholesale Acquisition Cost (WAC). This bill would remove these incentives to for manufacturers to compete on net cost.

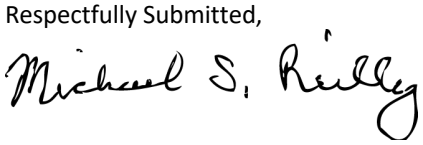
In effect, this bill requires a pharmacy benefit manager or health carrier that covers ANY biologic product in a given class, to reimburse ALL products in that class, regardless of its actual cost to the payer. The availability of biosimilars currently places downward pressure on net prices by forcing reference product manufacturers to discount their products heavily in order to compete. By requiring health plans to cover all approved products in a class (regardless of net cost), *it effectively creates an incentive for all manufacturers to raise their prices.*

We believe that this bill will place upward rather than downward pressure on prices overall and result in increasing patient costs over time as these costs are inevitably passed on to patients. The bill's directive (Sec. 4) that the Commissioner of Health monitor and report on its effects on net costs at the end of 2023 is a tacit acknowledgement that such unintended effects on net expenditures are anticipated.

Prior to advancing any legislation, we urge the legislature to further study this important issue, including how these potential changes to Minnesota Statutes chapter 62W may result in increasing costs to both healthcare payers and patients, and to work with various stakeholders such as ASBM to promote policies that advance innovation while reducing overall treatment costs.

While we strongly support legislation that is written with the goal of realizing cost savings through competition between multiple biologic products, we believe that HF 1516/SF 990 undermines this objective by removing current incentives to compete on price and will ultimately reduce rather than promote affordability of biologics.

Respectfully Submitted,



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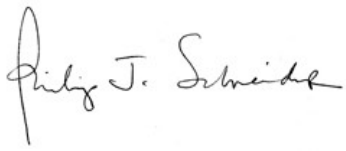

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