



January 24, 2025

Chairman R. Creigh Deeds
Commonwealth of Virginia
Senate Finance and Appropriations Committee
Health and Human Resources Subcommittee Committee

Re: VA HB 1724 - House Appropriations - Health and Human Resources Subcommittee Committee

Dear Chairman Deeds:

Aimed Alliance is a not-for-profit health policy organization that seeks to protect and enhance the rights of healthcare consumers and providers. Aimed Alliance urges the House Appropriations - Health and Human Resources Subcommittee to consider how a prescription drug affordability board (PDAB) may impact patient access and consider alternative legislation that will directly address health care affordability for consumers.

Legislation to establish PDABs aims to control the rising costs of prescription drugs by setting caps, known as upper payment limits (UPL), for select prescription drugs. Currently, no state PDAB has completed the drug selection and UPL-setting process. As such, PDABs are experimental initiatives with significant upfront costs that provide no guarantee that any cost-savings generated from these programs will lower costs for health care consumers. Importantly, UPLs restrict the amount that *payers* reimburse pharmacy benefit managers (PBM) for prescription drugs. As such, without specific requirements to pass UPL savings to consumers, these savings may not impact what consumers pay at the pharmacy counter.

Given the uncertainty regarding whether PDABs will effectively lower costs for consumers, Aimed Alliance urges the Subcommittee to consider alternative legislative for directly reducing consumers' out-of-pocket expenses, such as PBM reform. PBMs are middlemen who negotiate with manufacturers to determine which medicines will be included in health insurance companies' formularies and how much plans will pay the manufacturers for those medicines. PBMs also determine consumers' cost-sharing requirements for medications. These practices are often opaque and lack transparency, which results in payers negotiating payments without a full understanding of the actual cost of the medications. Consequently, regulating PBM activities by requiring additional transparency pharmacy steering, prescription drug costs, and rebate pass through requirements presents an opportunity to address key factors that impact costs within health insurance.

If the Subcommittee moves forward with the HB 1724, Aimed Alliance urges the Subcommittee to ensure that the PDAB is required to prioritize patient input by (1) including a consumer or patient representative on the Board, (2) mandating ongoing consumer engagement, and (3) requiring that UPL-derived cost savings be passed on to patients.

In conclusion, Aimed Alliance urges the Subcommittee to consider alternatives to PDABs that can directly impact consumer access and affordability. Moreover, we urge the Subcommittee to ensure that any PDAB legislation provides a permanent, consistent, and genuine process for valuing patient, caregiver, and provider perspectives and lived experiences.

Sincerely,

Olivia Backhaus
Staff Attorney