AIMED ALLIANCE

January 29, 2025

*Via Electronic Correspondence*

Chair Jeion Ward
House Labor and Commerce Committee
General Assembly Building
201 North Ninth Street
Richmond, VA 23219

RE: House Bill 483 – Establishing a Prescription Drug Affordability Board

Dear Committee Chair Ward:

Aimed Alliance is a not-for-profit health policy organization that seeks to protect and enhance the rights of healthcare consumers and providers. We are writing to provide comment on House Bill 483, which proposes the establishment of the Prescription Drug Affordability Board (PDAB). Aimed Alliance urges the House Labor and Commerce Committee to carefully consider the potential consequences of this legislation and consider alternative legislative approaches that more effectively lower prescription drug costs for consumers.

House Bill 483 seeks to address rising prescription drug costs by creating a PDAB, which would have the authority to set upper payment limits (UPLs) for certain medications. However, UPLs cap the amount that payors reimburse pharmacy benefit managers (PBM) for a prescription drugs, not what patients pay at the pharmacy counter. Setting UPLs on payer reimbursement at a single point in the supply chain does not necessarily reduce patient copayments or premiums.

In fact, research has revealed that UPLs may increase patient access and affordability challenges. A recent study published by Avalere found that health plan representatives anticipate greater implementation of utilization management tactics, such as step therapy and prior authorization, in response to UPLs being set on certain prescription drugs.[1] Plan representatives also anticipate adjustments to formularies, such as reassigning selected drugs and therapeutic alternatives to different tiers.[2] These changes have the potential to increase costs and hinder patients' access to essential medications, underscoring the need to use caution and explore alternative approaches to enhance prescription drug affordability.

On its face, the establishment of a PDABs may appear to offer a viable policy solution, however, several years of practical implementation demonstrate that these Boards are not functioning as intended. For example, Maryland's PDAB, which has been operational since 2019, has spent more than $3.2 million as of last year yet, and has not produced any measurable savings for patients.[3]

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[1] Kate Sikora, et al., *Research Explores Health Plan Perceptions of PDABs and UPLs*, AVALERE (April 2, 2024), https://avalere.com/insights/research-explores-health-plan-perceptions-of-pdabs-and-upls.
[2] *Id.*
[3] PhRMA, *Four years later, Maryland board still hasn't delivered for patients* (Feb. 12, 2024), https://phrma.org/blog/four-years-later-maryland-board-still-hasnt-delivered-for-patients.

Similarly, New Hampshire elected to dissolve its Board entirely in 2025.[4] Officials in Oregon have also expressed significant concerns regarding the pace and feasibility of reviewing a large volume of prescription drugs. These concerns were substantial enough that the state paused its affordability review process and has since considered dismantling the Board altogether.

These operational challenges underscore a fundamental disconnect between the policy objectives of PDABs and their real-world performance. The statutory framework is exceedingly complex to implement. As with other PDAB proposals, HB 483 does not establish clear operational procedures. As a result, Boards may require years to develop the regulatory infrastructure necessary to function. When the Board eventually reaches the affordability review stage, it must evaluate hundreds of medications and assess numerous qualitative and quantitative factors without clear statutory guidance regarding how such factors should be weighed.

Additionally, the prescription drug supply chain itself is highly complex, requiring detailed knowledge of pricing mechanisms, reimbursement structures, disease-specific considerations, therapeutic alternatives, stakeholder interests, patient experience and the management of confidential drug information. In practice, conducting these reviews is significantly more burdensome than suggested in the legislation.

PDABs also pose a significant threat to patient access. If reimbursement levels are set below a provider's or pharmacy's acquisition cost, the provider may discontinue dispensing the medication. Payers may also choose to prioritize drugs not subject to UPLs or may steer patients toward alternative therapies. Conversely, if UPLs operate as intended, patients who are clinically stable on therapeutic alternatives may be subject to non-medical switching to drugs targeted by UPLs. In any of these scenarios, the result may be disruptions in continuity of care, diminished health outcomes, increased strain on safety-net providers, and increase overall health care costs.

Given the uncertainty regarding whether these UPLs will effectively lower costs for consumers, Aimed Alliance urges the Committee to consider alternative legislation solutions for reducing consumers' out-of-pocket expenses. For example, New Jersey's Drug Affordability Council is tasked with developing legislative and regulatory recommendations to reduce the costs of prescription drug products that pose or may pose affordability challenges for the state health system and its patients.[5] Similarly, Maryland broadened the scope of its Board beyond spending targets to include a comprehensive assessment of strategies to reduce prescription drug costs.[6] This expanded framework ensures that policymakers evaluate a wide range of affordability solutions and ultimately adopt an approach that is practical, evidence-based, and beneficial for Virginia's healthcare consumers.

Please contact us at policy@aimedalliance.org if you have any questions or would like to further discuss our concerns.

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[4] New Hampshire House Bill 2 (2025), https://legiscan.com/NH/text/HB2/id/3254745/New_Hampshire-2025-HB2-Amended.html.

[5] Aimed Alliance, *Related Enacted Prescription Drug Affordability Legislation (2025*), AA-PDAB-EnactedRelated-Chart-2026.pdf

[6] Maine Senate Bill 697 (2025), https://legiscan.com/ME/text/LD697/id/3308900.

Sincerely,

Olivia Backhaus
Staff Attorney