



The Connecticut General Assembly

FOR IMMEDIATE RELEASE

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## **COMPTROLLER LEMBO, REP. SCANLON UNVEIL MAJOR PHARMACEUTICAL TRANSPARENCY LEGISLATION**

State Comptroller Kevin Lembo and State Rep. Sean Scanlon (D-Guilford), House Chairman of the Insurance and Real Estate Committee, today unveiled a major piece of legislation that, for the first time, creates transparency for pharmaceutical drug pricing in Connecticut.

House Bill 5384, An Act Concerning Prescription Drug Costs, would trigger a state review when drug prices soar beyond a reasonable threshold, and it would require disclosure of essential information about rebates and deals between drug manufacturers and pharmacy benefit managers to ensure that consumers get relief at the pharmacy counter.

“The journey between drug manufacturer and consumer is a long one – dotted with many deals, payments and wealth exchange along the way,” Lembo said. “As if the consumer cost at the counter wasn’t enough, most of us are paying massive, often inexplicable, drug price markups without even realizing it – through our insurance premiums, our taxes and in the cost of doing business with any employer. There is only one way to extend any free-market fairness to this realm: By shining a bright light onto a shadowy market.”

“Prescription drug costs are the fastest rising cost in health care and consumers are rarely given an explanation when the costs of their drugs increase,” Scanlon said. “Under this legislation, we will finally get our constituents the answers they deserve and dig deeper into what’s happening with drug prices so we can ultimately lower health care costs for Connecticut seniors and families.”

HB 5384 would accomplish the following:

- When a drug price increases beyond a 25-percent threshold, the Office of Health Strategy will have the authority to request a justification for that increase from the drug manufacturer, including details about research and development and related expenses. Ideally, this measure would eventually be expanded to include disclosure about drug manufacturers’ marketing expenses as well.
- Any PBM registered to operate in Connecticut must disclose the total amount of rebates received from manufacturers, including how much of the rebate the PBM

retained vs. how much was passed down to plan sponsors and consumers. They must also report their administrative fees, including any other payments by the manufacturer to the PBM that are not considered rebates.

- And finally, consumers would get immediate relief at the pharmacy counter -- paying post-rebate costs instead of a drug's list price.

“This state review will raise essential questions,” Lembo said. “Is there a rationalization for sending drug costs skyward – by sometimes hundreds or even thousands of percent – for drugs on the market for sometimes years? Are these profits fueling research and development? If so, then here’s an opportunity to demonstrate that.”

***Contacts:***

Office of the State Comptroller  
Tara Downes  
631-834-5234  
[Tara.Downes@ct.gov](mailto:Tara.Downes@ct.gov)

House Democrats  
Dan Uhlinger  
860-240-8575  
[Dan.Uhlinger@cga.ct.gov](mailto:Dan.Uhlinger@cga.ct.gov)

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