MAHP
MASSACHUSETTS ASSOCIATION of HEALTH PLANS

May 23, 2025

The Honorable Patricia D. Jehlen, Senate Chair
Joint Committee on Elder Affairs
State House, Room 424
Boston, MA 02133

The Honorable Thomas D. Stanley, House Chair
Joint Committee on Elder Affairs
State House, Room 167
Boston, MA 02133

RE: 5/12 Joint Committee on Elder Affairs Legislative Hearing on Health

Dear Chair Jehlen, Chair Stanley, and members of the Committee,

On behalf of the Massachusetts Association of Health Plans and our 13 member health plans and one behavioral health organization providing health insurance coverage to nearly 3 million Massachusetts residents, we appreciate the opportunity to share feedback on Senate Bill 465 before your Committee that will raise healthcare costs and further prohibit the use of important tools to address the costs of health care including high costs of prescription drugs. Health care affordability is the number one challenge facing individuals and small businesses in this state, driven by ever-increasing prices for prescription drugs, hospitals and providers. Without action to address the key cost drivers, the Commonwealth cannot make health care more affordable.

Senate Bill 465 will increase health care costs by prohibiting public and private entities, including the Health Policy Commission (HPC) and MassHealth, from developing or employing a dollars per-quality adjusted life year (QALY) measure to assess the cost-effectiveness of a particular treatment, service, or medication. The language of this legislation would prohibit important and data-driven work of independent non-partisan research organizations, like the Institute for Clinical and Economic Review (ICER), that conduct rigorous analyses of clinical data to establish value-based price benchmarks for prescription drugs.

At a time when Massachusetts and the nation are struggling with the high costs of prescription drugs, the state should not eliminate important tools in our cost containment toolbox. Prescription drug spending remains a significant challenge to health care affordability for employers and consumers, with pharmacy costs accounting for $15.2 billion in health care spending in 2023 alone, according to CHIA's *Annual Report on the Performance of the Massachusetts Health Care System* for 2025.[1] From 2022 to 2023, pharmacy spending grew by nearly $1.6 billion gross of rebates and $1 billion net of rebates, increasing at an annualized rate of 11.6% and 10% respectively, well above the 3.6% benchmark. Since 2014, prescription drug prices have risen 33%, 20 times faster than the rate of inflation and outpacing price increases for any other medical commodity or service.[2] In addition to price increases for existing generic and specialty medications, launch prices for new brand-name prescription drugs increased 20% per year between 2008 and 2021. Median launch prices increased from $2,115 per year in 2008 to $180,007 per year in 2021, while the share of drugs priced at $150,000 per year or more rose from 9% in 2008-2013 to 47% in

[1] Center for Health Information and Analysis. *Annual Report on the Performance of the Massachusetts Health Care System: March 2025.* Available at: https://www.chiamass.gov/assets/2025-annual-report/2025-Annual-Report.pdf
[2] CSRxP. *Drug Pricing Overview 117th Congress. (2024*). Retrieved from: https://www.csrxp.org/wp-content/uploads/2024/04/CSRxP-117th-Congress-Packet.pdf

2020-2021.[3] So far this year, brand name drug makers have hiked prices on at least 575 brand name drugs, with a median increase of 4%.[4]

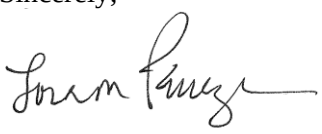
While proponents of these bills have claimed that the use of cost-effectiveness analyses are inconsistent with Americans with Disabilities Act (ADA) protections for individuals with disabilities, this is not the case. The QALY measures are utilized to determine the appropriate cost for a particular treatment or drug by evaluating how the treatment or drug adds value and benefits patients. Cost-effectiveness analysis has long been a part of academic research in the United States and internationally. In fact, it is the cornerstone of research comparing the value of different drugs and other health care interventions. While not the sole factor in making coverage determinations, it is an important metric for consideration used by federal researchers at the Centers for Disease Control and Prevention and the National Institutes of Health.

Therefore, the state should embrace the use of such measures to determine the safety, coverage, reimbursement, value, and efficacy of prescription drugs. Measures to enhance competitive market forces and to leverage comparative effectiveness to achieve value-based pricing would provide more explicit incentives for innovation in our health care system and would align prices charged by pharmaceutical companies for prescription drugs with their clinical value. In 2018, Sanofi and Regeneron entered into a value-based agreement with Express Scripts for their PCSK9 inhibitor alirocumab (Praluent), a new drug to treat high cholesterol. Under the agreement, which was entered into based on research conducted by ICER, Sanofi and Regeneron agreed to lower the net price of Praluent in exchange for more patient access by Express Scripts. Praluent became the exclusive PCSK9 inhibitor on the Express Scripts national formulary at the lower price modeled by ICER's research team. State Medicaid programs are also utilizing and leveraging ICER reports to negotiate drug prices on supplemental rebates. The State of New York applied the process of seeking a price that aligns with the treatment benefits during their negotiations and that has saved nearly $300 million for the state. Agreements like these have the potential to lower drug prices out of the gate. A 2022 JAMA analysis concluded that applying the ICER-reported value-based pricing to prescription drugs would yield total annual savings up to $57.5 billion in U.S. drug spending.[5] Senate Bill 465 would eliminate this possibility.

Addressing drivers of health care costs is critically important to ensuring a sustainable health care system and making health care more affordable for employers and consumers. As the Commonwealth grapples with out-of-control increases in drug prices, the focus should be on balancing cost control and promoting individuals' access to breakthrough medications, not policies that offer minimal benefit and will result in higher costs for employers and consumers. For the above reasons, MAHP is **OPPOSED to Senate Bill 465.**

Thank you for the opportunity to share our concerns. Please do not hesitate to contact me for additional information or to discuss this bill further.

Sincerely,



Lora M. Pellegrini, President and CEO
Massachusetts Association of Health Plans

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[3] Rome BN, Egilman AC, Kesselheim AS. Trends in Prescription Drug Launch Prices, 2008-2021. JAMA. 2022;327(21):2145–2147. doi:10.1001/jama.2022.5542 https://jamanetwork.com/journals/jama/article-abstract/2792986

[4] BusinessWire. Xevant Unveils 2025 Drug Price Inflation White Paper: A Data-Driven Look at Rising Pharmaceutical Costs and Future Implications. April 25, 2025. https://www.businesswire.com/news/home/20250425639253/en/Xevant-Unveils-2025-Drug-Price-Inflation-White-Paper-A-Data-Driven-Look-at-Rising-Pharmaceutical-Costs-and-Future-Implications

[5] Yeung K, Bloudek L, Ding Y, Sullivan SD. Value-Based Pricing of US Prescription Drugs: Estimated Savings Using Reports From the Institute for Clinical and Economic Review. JAMA Health Forum. 2022;3(12):e224631. doi:10.1001/jamahealthforum.2022.4631