



To: Senate Health and Human Services Committee
Date: March 8th, 2020
Re: SB21-123 Expanding Canadian Prescription Drug Importation

Good Afternoon Committee Members:

As the Executive Director of The Colorado Business Group on Health (CBGH), I would like to express strong support for SB21-123 on expanding Canadian drug importation as introduced by Senator Ginal, Senator Coram, and Representative McCormick.

CBGH and our affiliate new affiliate, The Colorado Purchasing Alliance, represent 19 healthcare purchasers including public and private sector employers, a Taft-Hartley plan, and two employer trusts serving dozens of school districts.

All of these purchasers continue to experience annual healthcare cost increases well in excess of either inflation or of the direct costs of providing such services. In fact, as reported last month by The Commonwealth, Colorado employers experienced premium increases from 2018-2019 that were twice the national average and ***Colorado families saw their contribution increases go up at a rate five times the US average.***

Alongside hospital pricing, prescription drug prices are a principal cause of this major socio-economic challenge. *Drug prices continue to increase – rather typically for apparently no legitimate reason.* Last October, Kaiser Health News reported that of nine drugs with the greatest annual price increases, seven were increased without evidence of any improved clinical efficacy or costs to justify the increases. This forces patients and insurers in the U.S. to spend an added \$5.1 billion. Another report from Institute of Clinical and Economic Review, ICER, noted that the seven top-selling drugs by sales revenue had price increases that were more than two times inflation, as measured by the medical consumer price index.

In large part, this happens because a market failure. Unlike any OECD country, US healthcare is set up as a free-market. But for markets to function, we need competition - competition that will be enhanced with the expansion of this bill.

Finally, we support this bill because we cannot and should not rely on just a single country like Canada, particularly as additional states pursue this approach. The prescription drug market is now a global market and importation from other countries will be beneficial for all purchasing countries.

Thank you for allowing us this opportunity to support this bill.

Respectfully,
Robert Smith, Executive Director