

Chairman Lefor and Members of the House IB&L:

Please vote “no” on SB [2170](#) which requires the State Insurance Commissioner to negotiate and **set prescription drug prices** with manufacturers, using reference rates imported from Canada. This is a well-intentioned bill trying to offer a solution to a real problem. *But it is the wrong solution to lower drug costs.*

Some important factors to consider:

- The **fiscal note** on SB 2170 determined this is a **price control, and it will require more state FTEs to administer.**
- North Dakotans don't like federal – or state - **government price fixing.** Price fixing sounds good, but does not work.
- **Price Controls** distort markets and have shown to never solve the problem they were created to fix.
- Government price controls mean **less funding, less incentives for innovation, less R&D,** as well as **less patient access** for groundbreaking, life-saving drugs. If there are no incentives to profit, there are no results. That is how entrepreneurship and free enterprise works.
- American patients have **faster access to more new medicines** than patients anywhere else in the world today, including 90% of new medicines. That is not true in Canada. This is because of U.S. *incentives that work* and the ability to make profits.
- Ultimately, **government price controls** lead to **less patient access** to critical drugs. Manufacturers will simply not provide their drugs to North Dakota, leaving doctors and patients with **fewer prescription options** – or forcing our citizens **to go out of state for healthcare.**
- A **better solution** to lowering drug costs is to put pressure on the federal government, esp. FDA for **faster generic drugs approvals,** and create a **competitive environment** for more “**me too**” **drugs** among pharma companies; as well as renegotiate **trade policies** to require Canada, Europe, and other allies to pay their fair share of U.S. Biopharmaceutical R&D. Those policies would create competition, and lower prices by sharing development costs.
- **Generic drugs** represent 90% of all prescriptions, but only 20% of prescription drug spending, saving over \$300 B nationwide in 2019. **Biosimilar prescriptions** saved another \$2.2B. The U.S. has the most competitive generic and biosimilar markets in the world, and this direct price competition benefits patients and payers. Canadian price fixing would undermine the American competitive market ecosystem... that works better than any other for patient access and affordability.

The ND Senate wisely passed a study bill (SB 2212) to discern the possibilities of a Canadian drug importation and reference pricing.

I encourage the House to secure the results of the study, but also avoid government price controls.

Bruce Gjovig
Chair, Bioscience Association of North Dakota (BioND)
CEO Emeritus, Center for Innovation Foundation
Bruce@Gjovig.net
701-739-3132