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TESTIMONY

Statement before the Joint Committee on Health Care Financing

SENATE BILL 1048

AN ACT TO PROMOTE TRANSPARENCY & COST CONTROL OF PHARMACEUTICAL DRUG PRICES

April 11, 2016

**Mark J. Gallagher, Executive Vice President
Massachusetts High Technology Council**

Thank you, Chairman Welch, Chairman Sanchez and members of the Committee for the opportunity to speak today regarding Senate Bill 1048. My name is Mark Gallagher and I am Executive Vice President for Public Policy and Communications at the Massachusetts High Technology Council.

The High Tech Council is the Commonwealth's oldest and only cross-sector association of CEO-level leaders of technology-focused organizations. The Council has a 38-year history of non-partisan advocacy in support of one overarching mission: To make Massachusetts the world's most attractive place in which to live and work, and in which to create, operate, and grow high technology businesses.

The High Tech Council and its members are well-aware of the high cost of health care borne by individuals and employers and the Commonwealth. In a recent survey of our CEO-level members, 75% of respondents indicated the cost of employee health care is a serious business concern.

Today the Committee will undoubtedly hear extensive testimony that is flush with other facts and figures, statistics and data, all designed to give you deeper insight into the detailed complexities of pharmaceutical pricing and purchasing. Our testimony instead will focus on a more basic-but broader-reaching-concern about Senate Bill 1048; its impact on the Commonwealth's brand and reputation as a state that embraces innovative companies and their products.

Senate Bill 1048 includes mandated disclosure and price control provisions that would be troubling for the Council and its members, regardless of the industry or sector to which they would apply. Compelling any private-sector company to disclose highly sensitive proprietary information is something policymakers should approach with great trepidation. Similarly, creating a mechanism by which a government agency can cap the price of a private entity's products is troubling on its face and seemingly

at odds with the fundamental tenets of our economic system. In the case of pharmaceutical companies, such policies are nearly certain to impact their ability to invest in the discovery and development of new and innovative medicines, to the detriment of health care consumers around the world.

In addition, these policies would clearly make Massachusetts a less attractive place for these innovative companies, doing damage to key aspect of our technology-based economy. Massachusetts has gone to great lengths to market itself as one of the best places in the world for companies that develop innovative medical products and treatments. Similarly, the Commonwealth has made significant investments to partner with many of the world's leading pharmaceutical and biotechnology companies through the Massachusetts Life Sciences Center and other public instrumentalities.

The Council believes strongly that the Commonwealth's conscious decision to focus on growing our innovation-based economy has been wise and will continue to pay dividends for Massachusetts. We believe the enactment of Senate Bill 1048 would establish a policy that would run counter to this major component of the Commonwealth's economic development strategy. We are aware of no other state that has enacted such a policy and believe it would be particularly unwise for Massachusetts to be the first.

The Council understands that healthcare costs and spending are indeed a growing concern and impacted stakeholders must continue to work together to ensure that our health care delivery system and its costs are sustainable for patients and payors. In doing so, we must develop responses and initiatives with a long-term view and resist the urge to latch on to measures that, while attractive in the near term, are likely to prove short-sighted over time.

On behalf of the Mass. High Tech Council, I thank you for your time and respectfully urge the Committee to recommend that Senate Bill 1048 ought not to pass.