

April 18, 2018

Chair Cummings  
24 Colonial Drive  
Montpelier, VT 05602

Dear Chair Cummings and Members of the Senate Finance Committee:

On behalf of the generic pharmaceutical industry, the Association for Accessible Medicine (AAM) would like to express our concerns with HB 386, and specifically the new tax on opioids. AAM is strongly committed to ensuring patient access to medicines while supporting efforts to reduce misuse and abuse of prescription medications. We encourage you to read the attached AAM Opioid Policy Statement which outlines the collaborative strategies and public policies intended to address drug abuse while ensuring access to medicines for patients who need them.

Generic medicines provide significant cost savings to patients as well as the healthcare system. In 2016, use of generic medicines saved Vermont \$405 million including \$176 million for commercially insured patients, \$138 million for Medicare, \$80 million in Medicaid spending, and \$11 million for cash paying customers. Nationally, generic medicines comprise 89% of prescriptions dispensed but only 26% of total drug costs.

Generic medicines are generally sold through a competitive marketplace which is what drives these significant savings. Additionally, manufacturers typically do not engage in marketing drugs to physicians or patients.

Unfortunately, the cost of implementing the tax in HB 386 will be borne by patients that rely on low-cost drugs and the companies that produce them. A \$0.01 per morphine milligram equivalent tax will increase the cost of producing opioids for patients with legitimate pain. Generic manufacturers will be faced with tough choices on how to respond, including reevaluating their overall position in the market. Some manufacturers may recognize that the market is no longer viable for them, leading to market exits which can put patient access at risk and ultimately lead to shortages, which can significantly harm patient outcomes.

As the AAM Opioid Policy Statement outlines, AAM supports many collaborative efforts and public policies to address the opioid epidemic, including additional education for prescribers and patients, expanded use of prescription monitoring programs, prescription limits, and additional product safety efforts. In fact, AAM has funded the development of an educational drug abuse prevention module that is now free for any college in America.

We look forward to talking with you further about generic drugs and how HB 386 impacts the patients who rely on low-cost FDA approved generic medicines.

Thank you,



Ashlie Van Meter