

## Governor Phil Murphy



photo: view of NJ Trenton DOM

# Governor Murphy Signs Legislative Package to Make Prescription Drugs More Affordable for New Jerseyans


07/10/2023

**WEST ORANGE** – As part of the Murphy Administration's ongoing efforts to advance health care affordability on behalf of the residents of our state, Governor Phil Murphy today signed three bills he announced in partnership with legislative sponsors last year to help make prescription drugs more affordable for New Jerseyans. The three bills, which were signed alongside legislators and advocates, will work together to cap certain out-of-pocket costs, establish greater oversight of Pharmacy Benefit Managers, and promote transparency across the pharmaceutical supply chain.

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"This is a huge step forward in our ongoing efforts to deliver much-needed relief to countless families throughout our state who are struggling to afford critical medications," **said Governor Murphy.** "I am proud to sign nation-leading legislation that will make a real difference in the lives of New Jerseyans as we continue to work towards making prescription drugs and other health care services more affordable and accessible to everyone."

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Today's bill package advances one of the most comprehensive prescription drug price transparency programs in the country to date. The legislation that makes New Jersey only the second state in the nation to cap out of pocket costs for asthma inhalers and EpiPens in addition to capping consumer costs for insulin.

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The three bills the Governor signed today are:

## S-1614

- ([https://urldefense.com/v3/\\_https://t.e2ma.net/click/bunhqj/nrdit/jkcx4\\_!!J30X0ZrnC1oQtBA!N\\_zarVpPqxqh5sDJoC8\\_f2aKHDg4P\\_DPTtrj9nufDX9\\_N00HcSf9VCIQo6:](https://urldefense.com/v3/_https://t.e2ma.net/click/bunhqj/nrdit/jkcx4_!!J30X0ZrnC1oQtBA!N_zarVpPqxqh5sDJoC8_f2aKHDg4P_DPTtrj9nufDX9_N00HcSf9VCIQo6:)) – **Caps out-of-pocket costs for many residents** by extending Medicare's new \$35/month insulin out of pocket cap to state-regulated markets and NJ public employee plans, as well as capping out of pocket costs for EpiPens and asthma inhalers at \$25 and \$50 respectively for a month's supply.

## S-1615

- ([https://urldefense.com/v3/\\_https://t.e2ma.net/click/bunhqj/nrdit/zcicx4\\_!!J30X0ZrnC1oQtBA!N\\_zarVpPqxqh5sDJoC8\\_f2aKHDg4P\\_DPTtrj9nufDX9\\_N00HcSf9VCIQo6:](https://urldefense.com/v3/_https://t.e2ma.net/click/bunhqj/nrdit/zcicx4_!!J30X0ZrnC1oQtBA!N_zarVpPqxqh5sDJoC8_f2aKHDg4P_DPTtrj9nufDX9_N00HcSf9VCIQo6:)) **vKT\$**) – **Creates a new data and transparency system** within the Division of Consumer Affairs to collect, analyze, and report on the entire process of drug pricing across the supply chain in an effort to gain greater insight into drugs with high price increases and launch prices. The bill also establishes a Drug Affordability Council to formulate legislative and regulatory policy recommendations that help advance the goal of prescription drug affordability and accessibility.

## A-536/2841

- ([https://urldefense.com/v3/\\_https://t.e2ma.net/click/bunhqj/nrdit/f5icx4\\_!!J30X0ZrnC1oQtBA!N\\_zarVpPqxqh5sDJoC8\\_f2aKHDg4P\\_DPTtrj9nufDX9\\_N00HcSf9VCIQo6:](https://urldefense.com/v3/_https://t.e2ma.net/click/bunhqj/nrdit/f5icx4_!!J30X0ZrnC1oQtBA!N_zarVpPqxqh5sDJoC8_f2aKHDg4P_DPTtrj9nufDX9_N00HcSf9VCIQo6:)) – **Establishes greater oversight of Pharmacy Benefit Managers (PBMs)**, the third-party companies who manage many prescription-drug plans, to prevent certain practices that drive up costs. This bill requires rebates to be used to lower premiums and out-of-pocket costs for consumers and prevents the practice of spread pricing (when a PBM pockets the difference between what it charges a health plan and reimburses a pharmacy). It also requires PBMs to apply for a license from the NJ Department of Banking & Insurance to strengthen regulatory oversight.

With more than

## **half**

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of New Jersey residents concerned about the affordability of prescription drugs and one in four adults skipping or rationing their medications – an issue seen throughout the nation – the Office of Health Care Affordability and Transparency worked closely with legislative partners and other community stakeholders to advance this legislation for prescription drug affordability. Governor Murphy launched this office in 2020 to lead efforts across the Administration to make health care more affordable for residents and address the unsustainable rise in health care costs.

To further advance prescription affordability, the Governor also included funding in the Fiscal Year 2024 budget to expand eligibility for the Pharmaceutical Assistance for the Aged and Disabled (PAAD) program, which further cuts the costs of life-enhancing and life-saving prescription drugs for seniors and residents with disabilities. A companion bill signed on the same day as the budget, in addition to authorizing the eligibility expansion, will help get even more eligible New Jerseyans enrolled in both PAAD and the Senior Gold Prescription Discount program going forward.

The following legislators sponsored one or more of the three bills signed today – Senators Joseph Vitale and Troy Singleton and Assemblyman John McKeon, in addition to Senators Nellie Pou, Linda Greenstein, and Vin Gopal and Assembly Members Roy Freiman, Angela McKnight, Robert Karabinchak, Bill Moen, Gabriela Mosquera, Annette Quijano, Paul Moriarty, Joseph Daniels, Daniel Benson, and Verlina Reynolds-Jackson.

"Far too many New Jerseyans have experienced the stress of affording the price of a medication, often cutting back on groceries, putting off bills, and even rationing or skipping doses. And unfortunately, prescription drug costs are just one factor pushing health care out of reach for many residents," **said Shabnam Salih, Director of the Governor's Office of Health Care Affordability and Transparency.** "My Office is working to lower costs across the health care system through a comprehensive affordability agenda. This package is a critical part of that work and a huge step forward that will have a real impact on New Jersey residents. It would not have been possible without the Governor's leadership and the commitment of our partners throughout the Administration, in the Legislature, and in the community."



"These reforms help to address the burdensome high cost of prescription drugs that consumers face across our state," said **New Jersey Department of Banking and Insurance Acting Commissioner Justin Zimmerman**. "Through greater oversight and increased transparency of the factors that contribute to prescription drug pricing, the state can take meaningful steps to reduce patient costs. Additionally, the department will now require Pharmacy Benefits Managers to meet stringent standards for licensure to prevent practices that can drive up prescription drug costs. The enactment of these measures demonstrates Governor Murphy's commitment to improving access to and affordability of health care for New Jersey residents."

"The high cost of prescription medication jeopardizes the health and well-being of the most vulnerable among us: low-income families, the elderly, the uninsured, and people with disabilities," said **Attorney General Matthew J. Platkin**. "I applaud Governor Murphy and the Legislature for taking these important first steps toward reigning in the rising cost of prescription drugs in our state."

"The Division of Consumer Affairs is dedicated to ensuring fairness and transparency in the market and we welcome the opportunity to shine a light on the high cost of prescription drugs," said **Cari Fais, Acting Director of the Division of Consumer Affairs**. "Creating a system to collect, analyze, and report data on the entire process of drug pricing across the supply chain is critical to gaining greater insight and promoting accountability in the drug industry. New Jersey consumers deserve nothing less."

"Across the nation, too many people are being forced to ration or go without critically needed and potentially life-saving prescription medications. I'm proud that in New Jersey we are working to make the prescription drug industry more transparent," said **Assembly Speaker Craig J. Coughlin**. "The legislation being signed into law today will help us better understand how medications are priced, giving us the data necessary to respond and promote increased access to appropriate care as well as improve oversight and transparency of the entire pharmaceutical supply chain."

"New Jersey's affordability crisis affects all of us – most especially those who rely on prescription drugs to live. Now more than ever, we must work to make life-saving medicine more accessible and affordable," said **Senator Singleton**. "This package will address affordability and stimulate transparency and accountability within the pharmaceutical industry. Each and every day, someone skips a dose or cuts a pill in half just to save money. In the richest nation in the world, and one of the wealthiest states in America, this is unacceptable and simply unconscionable."

"For far too long, consumers have been excluded from the drug pricing process and left to bear the brunt of prescription cost increases. This package will bring to light the inner workings and beneficiaries within the pharmaceutical industry and work to combat rising prices," said **Senator Vitale, Chair of the Senate Health Committee**. "Inflated prescription drug prices without reasoning or accountability is unfair and irresponsible; these laws will ensure that pharmaceutical companies and manufacturers are open and honest with the consumers they serve."

"Many consumers have struggled to afford necessary medicine," said **Assemblyman McKeon**. "The legislation being signed into law will help us understand what's behind the rise in drug prices and allow us to develop policies focused on affordability, while keeping those in the industry accountable for their actions."

"Access to prescription medications can dramatically improve one's quality of life, and in some cases they are difference between life and death," said **Assemblyman Freiman**. "These new laws will help make prescription drugs more affordable and accessible for all New Jersey families. We must fight for the future health of our communities. Nobody should have to go without the medication they need to survive."

"Currently, we are facing a severe affordability crisis throughout the nation, and the stunning increase in prescription drug prices continues to play a huge role. Consumers are kept in the dark about these price increases, which is neglectful of the impact these increases have on residents," said **Senator Pou**. "These laws will help to keep consumers prepared and informed while holding pharmaceutical companies and manufacturers accountable."

As prescription drug prices continue to skyrocket, approximately 30 million Americans are diagnosed with diabetes and are subjected to pay three times what people living overseas would pay for the same drug," said **Senator Greenstein**. "This law is a major step forward in our efforts to mitigate the current drug affordability crisis, and will make insulin, asthma inhalers, and other critical treatments affordable for New Jersey residents."

"Too many residents are forced to delay or all together forego taking a prescription due to the cost," said **Senator Gopal**. "This legislation will regulate the behind-the-scene business practices of pharmacy benefits managers to be more transparent, require licenses, data and records reporting, and cost establishment modifications to help address the prescription drug affordability crisis facing our state."

"AARP commends Governor Murphy and the NJ Legislature for enacting legislation today that will meaningfully respond to the skyrocketing costs of prescription medications," said **Crystal McDonald, AARP New Jersey Associate State Director of Advocacy**. "High prescription drug prices hit older Americans particularly hard. More than two out of three NJ voters 50 plus are concerned they won't be able to afford the medicines they need in the future. S1615 will give our State the data and tools to ensure transparency across the pharmaceutical supply chain and establish a Drug Affordability Council - responsible for actionable recommendations to lower drug costs. S1614 will cap the out-pocket-costs on insulin, asthma inhalers, and epi-pens for many insured New Jerseyans – keeping these life-saving drugs within financial reach of so many. We applaud Governor Murphy, Senator Singleton, Senator Vitale and Assemblyman McKeon for championing this legislation."

"It's been a long road, but we finally have a law that puts us on the path of making prescription drugs more affordable for New Jerseyans," said **New Jersey Citizen Action Healthcare Program Director Laura Waddell**. "A Drug Affordability Council will help rein in prices at the pharmacy counter and ensure patients don't have to choose between paying for lifesaving medicines or for other essential needs. We thank Senator Singleton and Assemblyman McKeon for tirelessly championing this legislation, and applaud Governor Murphy and all our elected leaders who supported meaningful drug pricing reform. We also thank all our New Jersey for Affordable Drugs campaign partners and the countless grassroots advocates and activists whose work made this day possible. NJCA looks forward to continue working with both Governor Murphy and our Legislature throughout implementation."

"GSPO is proud to have supported this critically-needed package of bills. Many of the new laws' provisions are unparalleled and incredibly forward-thinking," said **Executive Director of Garden State Pharmacy Owners Brian Oliveira, PharmD**. "The leadership demonstrated by the sponsors, co-sponsors, and Governor Murphy's Office will assuredly benefit New Jersey's patients and providers. We look forward to working closely with the Administration on implementation of the laws."

"I am pleased to extend the New Jersey Pharmacists Association's (NJPhA) sincere thanks to Governor Murphy, the bill sponsors, and co-sponsors for their hard work in bringing this extensive prescription drug transparency package to fruition," said **Rupal Mansukhani, Pharm.D - NJPhA President**. "It will assist New Jersey pharmacies and pharmacists in providing the highest level of care to patients. These new laws are forward thinking with innovative provisions that protect patients, providers, and plan


sponsors.”

“The American Diabetes Association celebrates New Jersey’s passage of critical legislation aimed at lessening the financial burden of insulin costs for people living with diabetes,” **said Monica Billger, State Government Affairs Director for the American Diabetes Association.** “While Congress passed a \$35 cap for Medicare recipients last year, an affordability gap remained for many others with diabetes. New Jersey, along with 24 other states and the District of Columbia, are taking the lead to close the gap and improve affordability and access to life-saving insulin.”

“I applaud Gov. Murphy’s actions to lower the cost of prescription drugs for patients. The out-of-pocket caps on insulin, epi pens, and asthma inhalers will dramatically lower cost barriers to life-saving drugs for many families who depend on them,” **said Center for American Progress’ Senior Vice President of Inclusive Growth, Emily Gee.** “The state’s new measures to tighten oversight of pharmacy benefit managers (PBM) and shed light on pricing throughout the drug supply chain are crucial for improving competition and reducing drug costs for New Jersey residents.”


“Drug prices are outrageously high, and Americans are demanding action. Today, Governor Murphy is taking important steps to meet that demand by working to protect patients,” **said Alex Lawson, Executive Director of Social Security Works.** “These actions should be a model for governors across the country, as well as federal policymakers.”

“Nurses for America applauds Governor Murphy’s progressive and innovative package of bills to advance drug affordability and access in New Jersey,” **said Sherry Pomeroy PhD, RN, Faith Community Nurse.** “As nurses we care for individuals, families & communities across the lifespan who struggle to afford medications critical to their overall health & well-being, such as insulin, asthma inhalers, and epinephrine pens. The ability to obtain and afford medications needed to treat a wide variety of health conditions is a basic health care right.”


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“We have known for years that insulins suffer from some of the greatest disconnects between the list prices and the real prices of those medicines, with much of the fluffed up costs paid by patients and employers being cannibalized by intermediaries within the drug channel,” **said Antonio Ciacca, CEO of Brooklyn Research** with **Pharmaceutical Research & Manufacturers of America** where these pricing distortions are most pronounced, it is a good thing for patients that they won’t have to continue to overpay for medicines in order to generate discounts that are pocketed by others.”


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“PBMs are supposed to be working on behalf of patients and plan sponsors to make prescription drugs more affordable,” **continued Ciacca.** “However, due to a lack of transparency and significant conflicts of interest, PBMs often make our dysfunctional drug pricing system even worse. A 536/2841 is on the leading edge of these state PBM reforms, with a number of innovative approaches that attempt to curtail anti-competitive behavior and drug price manipulation. This seems like a very worthwhile effort to provide greater oversight and accountability to an important aspect of our healthcare delivery system.”

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“You shouldn’t have to choose between paying the rent or getting a prescription filled — yet for many people, this is a reality,” **shared Mona Shah, Senior Director of Policy and Strategy, Community Catalyst.** “Important policy changes are necessary to create a more equitable health system, and we applaud Governor Murphy as well as our partners at NJ Citizen Action, for their meaningful work to make prescription drugs more affordable. This will give people, families, and communities the relief so clearly needed. At Community Catalyst, we won’t stop fighting until everyone has what they need to be healthy, and health is a right for all.”

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