

BIOCT LEGISLATIVE AGENDA**1/24/23****REDUCING HEALTHCARE COSTS
REMOVING BARRIERS TO ACCESS
INCREASING AFFORDABILITY FOR PATIENTS****INCLUSION OF PBM'S ROLE IN DRUG PRICING FOR PATIENTS IN ANY HEALTHCARE
COST ANALYSIS**

The stated goal of PBMs is to create cost savings, but the reality is far different. Instead, they pocket the savings that are intended for patients. PBMs earn profit from almost every facet of the pharmaceutical supply chain, and their power has grown as mergers and acquisitions consolidate the industry. Focus points:

- Methods to steer patients toward PBM-owned pharmacies
- Fees charged to unaffiliated pharmacies
- Complex methods to determine pharmacy reimbursement
- The impact of rebates and fees from drug manufacturers on formulary design and the costs of prescription drugs to payers and patients
- The use of specialty drug lists and specialty drug policies
- The prevalence of prior authorizations and other administrative restrictions
- Potentially unfair audits of independent pharmacies

Connecticut has been a leader in passing policies that address some of the most blatant PBM issues. But there's more work to do — the industry needs to be held accountable because just as states and the federal government find ways to combat these practices, a new one pops up.

REBATE PASSTHROUGH

Rebates and discounts that pharmaceutical companies pay to health insurance companies, middlemen like pharmacy benefit managers, the government and others reduce the list prices of brand medicines by 40%, on average. **These rebates and discounts should be shared with patients at the pharmacy counter.**

WORKFORCE

Ensure that Workforce Strategies Address Bioscience Industry Needs: Ensure that the Office of Workforce Strategy's strategies reflect the bioscience industry's talent needs in the content of the curriculum and the skills that the programs are designed to develop. In partnership with the state, develop a program that would provide financial incentives for graduates pursuing a career or starting a business in Connecticut in technology, engineering, design, and other key bioscience sectors. Additionally, the state must enhance existing programs such as the CT Health Horizons Program, the Governor's Innovation Fellowship program, and BioPath to help attract and retain talent in the state.

Recommit to Student Financial Aid: Increase the general fund appropriation for need-based financial aid under the Roberta Willis Scholarship Program. The general fund appropriation for state financial aid that provides need-based grants for CT students to attend CT higher education institutions has been cut 46% since FY 11 and has been flat funded at \$33 million since FY 18. Connecticut now ranks last in the region and 45th in the country in our investment in need-based financial aid as a percentage of our overall higher education spending, at just 2.4 percent. This is leading to a significant unmet need: In FY 20, nearly 40,000 Connecticut students enrolled in post-secondary education were eligible for a Willis grant; however, fewer than 10,500 students received the grant in 2020. **Investing more in need-based aid will support the state's goals of having a highly trained workforce, retaining more young people, and promoting access to quality post-secondary education.**

Long Term Solution

- Connecticut needs to recommit to promoting access to higher education -in particular bachelor's degree programs given the recent adoption of free community college – by reinvesting in need-based financial aid through the Roberta Willis Scholarship Program. State financial aid has been cut nearly 60% in the last ten years – the largest reduction in the northeast. Connecticut now ranks in the bottom nationwide for its investment in need-based aid despite the largest equity gaps in the country.
- Connecticut does not have enough students interested in STEM careers especially in underserved districts. We recommend the legislature work with the Board of Education and fund public schools to ensure that STEM is taught in all grade levels K-12. Identify those students that show interest and enhance their experience collaborating with industry to encourage experiential learning. Find out the challenges of students and rectify.

BIOTECH ECONOMIC DEVELOPMENT

In June of 2021, the Connecticut General Assembly and Governor Lamont restored the research and development tax credit to 70%, phasing-in from its present 50% in Fiscal Year 2022 and 2023. While this action will make Connecticut more competitive with neighboring states, there are other policies the Governor and Connecticut General Assembly should consider that will make the state even more attractive to prospective biotech businesses. According to the Office of Legislative Research (OLR) “from 1995 through 2010, the state earned between \$1.24 and \$2.36 in net state revenue for every dollar of R&D credits claimed.

Research and Development Tax Credit Expansion Request

- Increase the exchange rate for the credit to **100%**. Currently, companies can exchange the credits for 65% their value. Increasing the exchange rate to 100% could make a significant impact on smaller biotechnology companies that may operate at a loss for years until research and development results come to fruition. For example, that credit could be used to hire additional employees. At average salaries of \$120,000, the state could recoup that investment through income, sales, and property taxes within 7 years.
- Continue to increase the state’s credit off-set from 70% to 100%.
- Expanding the eligible group of qualified small businesses to include S Corporations, partnerships, and limited liability corporations in the Biotech industry would allow for more growth in the life science industry.

THE BIOSCIENCE INDUSTRY IN CONNECTICUT

- Biotech start-ups often operate at a loss for the first 7-13 years in business.
- As of 2020, there are over 23,000 biotech employees at more than 1,300 Life Sciences Companies in CT and 80% of all academic R&D investments were in the bioscience industry.
- Connecticut ranks 4th in Bioscience patents per capita according to 2020 data.
- In 2021, Connecticut ranks 6th in the U.S. for NIH funding per capita totaling \$684 million.

Link to Connecticut Life Science STATS 2022

<http://bioct.org/wp-content/uploads/2022/05/Life-Sciences-Sector-Snapshot-2022.pdf>