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Cracking Down on Drug Price Gouging Could Benefit Maryland Residents, State Budget

Position statement supporting House Bill 631

Given before the Senate Finance Committee

There have been several high-profile examples in recent years of drug manufacturers sharply hiking prices for no apparent reason beyond increasing profits. These actions harm Maryland residents – making drugs unaffordable, reducing their ability to afford other basic necessities, and increasing the cost of insurance coverage – as well as the state’s budget. Allowing the attorney general to take action when there is evidence of price gouging is simply common sense. For these reasons, the Maryland Center on Economic Policy supports House Bill 631.

When drug price gouging occurs, it forces Marylanders to make impossible choices between life-saving medication and other basic needs like food, rent, and utility costs. It also leads to increased health care costs for everyone, even those who don’t need prescriptions, as rising drug prices are one of the primary factors in recent insurance rate increases.

Price gouging also increases costs for state and local governments, by increasing insurance costs, increasing the costs of public health programs, and increasing expenses for equipping first responders. One example is the drug naloxone, which the state has been investing in to help people survive opioid overdoses. Once first responders in Maryland and other states began carrying naloxone, its price suddenly spiked.¹ If there were evidence of price gouging in this or a similar case, it only makes sense for Maryland’s attorney general to be able to take legal action to protect Maryland taxpayers and patients.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Senate Finance Committee make an favorable report on House Bill 631.

¹ The price of the 'antidote' to the overdose crisis is skyrocketing, Harrison Jacobs, Business Insider, Aug. 1, 2016. <http://www.businessinsider.com/price-of-naloxone-narcan-skyrocketing-2016-7>