



November 11, 2025

VIA ELECTRONIC MAIL

Lois Johnson, General Counsel Massachusetts Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109
HPC-Testimony@mass.gov

Re: HPC 2025 Cost Trends Hearing, Pre-Filed Testimony

Dear Ms. Johnson:

AbbVie Inc. (AbbVie) appreciates the opportunity to provide testimony to the Massachusetts Health Policy Commission (HPC) for its upcoming Health Trends Hearing. As a U.S.-based biopharmaceutical company, our mission is to discover and deliver innovative medicines and solutions that address today's most serious health challenges and improve patient lives.

AbbVie is proud to employ more than 2,200 individuals in Massachusetts, where we are a major contributor to the Commonwealth's life sciences economy, with research and development and manufacturing operations located in Worcester and Cambridge. Since becoming an independent company in 2013, AbbVie has invested more than \$73 billion in research to discover, develop, and deliver new medicines, including significant investment in Massachusetts, highlighted by our recent \$70 million expansion at the AbbVie Bioresearch Center in Worcester. We are deeply committed to ensuring ongoing innovation and access to transformative therapies.

We respectfully submit the following responses on behalf of AbbVie and affirm that the facts contained in the preceding responses are true to the best of my knowledge. This document is signed under the pains and penalties of perjury. I have relied on others in the company for information on matters not within my personal knowledge and believe that the facts stated with respect to such matters are true.

Sincerely,

Helen Kim Fitzpatrick
Vice President, State Government Affairs
Government Affairs
On behalf of AbbVie Inc



- 1) In recent years, prescription drugs have been a key driver of spending growth in the Commonwealth, consistently growing at a faster rate than the state’s health care cost growth benchmark, and contributing to challenges related to health care affordability, medication access, and health disparities among Massachusetts residents.

What policies or strategies should policymakers and/or other market participants consider to (1) provide greater transparency and (2) address the growing cost of prescription drugs in Massachusetts, balancing patient access to needed medications and therapies with the imperative to offer affordable coverage for employers and residents?

AbbVie recognizes concerns regarding the rate of growth in prescription drug spending in Massachusetts; however, it is important to consider these costs in the context of the broader healthcare expenditures. According to the Massachusetts Center for Health Information and Analysis (CHIA) 2025 Annual Report¹, hospital outpatient and inpatient services together exceeded total net prescription drug spending in 2022–2023. Notably, MassHealth received an effective rebate rate of 52.1%. This data reflects how manufacturers play a critical role in offsetting costs and investments in prescription medicines to yield improved patient outcomes and generate system-wide savings by reducing hospitalizations and emergency visits. Policymakers should consider the total value delivered, not just the list price.

AbbVie further appreciates the acknowledgement by Massachusetts Health Policy Commission (HPC) Commissioner Seltz at the March 13, 2025, Benchmark Hearing of the important role innovative medicines, such as GLP-1 therapies, play in improving health outcomes for individuals with diabetes and obesity.² While point-of-sale costs have garnered appropriate focus, it is essential for policy discussions to consider the broader value such medicines deliver. As highlighted at the Hearing, effective treatments may prevent costly complications, lower overall healthcare utilization, and improve patient well-being – benefits that extend well beyond the pharmacy counter. AbbVie strongly urges the HPC to factor in the potential for substantial downstream savings and improved health outcomes when evaluating drug policy. Broader patient access to transformational therapies is key to translating innovative investments into health system sustainability and long-term value for Massachusetts.

Impact of the Federal 340B Drug Pricing Program to the State of Massachusetts

A significant – and often overlooked – driver of prescription drug spending in the Commonwealth is the rapid expansion of the federal 340B Drug Pricing Program. Established by Congress to support safety-net providers serving uninsured and low-income patients, the program requires pharmaceutical manufacturers to offer substantial drug discounts to eligible hospitals, clinics, health centers, and other covered entities. The original legislative intent of the 340B program was to help covered entities stretch scarce resources and directly benefit vulnerable patients.

Over the last fifteen years, the scale of the 340B program has expanded rapidly – from fewer than 1,000 covered entities to more than 55,000 today, and from a modest volume to more than \$66 billion in annual drug purchases nationwide. This unprecedented growth has raised

¹ CHIA 2025 Annual Report: <https://www.chiamass.gov/assets/2025-annual-report/2025-Annual-Report.pdf>

² <https://masshpc.gov/meetings/special-event-or-public-session/march-13-2025-benchmark-hearing>



questions about whether 340B savings are being used as intended and its impact on overall healthcare spending.

Notably, the challenges and consequences of 340B's rapid growth have drawn national attention: on October 23, the United States Senate Committee on Health, Education, Labor, and Pensions (HELP) held a hearing examining the 340B program's growth and its impact on patients. These national discussions highlight the urgent need for greater transparency and oversight – especially as misaligned incentives and opportunities for abuse within the 340B program continue to drive increases in prescription drug costs for payers, employers, and taxpayers. Addressing these issues is essential to ensuring that 340B benefits truly reach those most in need, rather than perpetuating systemic cost increases across the Commonwealth and nationally.

AbbVie remains deeply committed to ensuring patient access to our medicines, a priority that is clearly demonstrated by the significant 340B discounts we provide to Massachusetts' covered entities. In 2024 alone, AbbVie provided \$420 million in 340B discounts in Massachusetts. In 2025, we are projected to exceed \$576 million in 340B discounts – a substantial 37% increase from the previous year. While these contributions have made a tangible difference for patients and healthcare providers, overall costs for Medicaid and other payers continue to rise, in large part because of current incentives within the 340B program that can be misaligned with lowering system-wide drug spending.

Specifically, the program's design gives hospitals and clinics a financial incentive to prioritize dispensing higher-cost brand name drugs – such as HUMIRA® – over lower-cost biosimilars or generics. Branded products, when acquired at steep 340B discounts and then reimbursed at standard rates, generate higher margins for these institutions compared to dispensing alternatives. This incentive structure not only drives brand utilization but also creates opportunities for abuse, as it encourages prescription patterns that maximize institutional profit rather than prioritize cost-effective care. For example, 340B hospitals prescribe 23% fewer biosimilars than non-340B hospitals, even though ten HUMIRA® biosimilars are available today at discounts exceeding 85% of brand cost. Furthermore, sales of HUMIRA® in 340B-eligible facilities have increased approximately 25% in Massachusetts, driving higher branded spending and reducing available Medicaid rebates to the state. These dynamics demonstrate how current incentives within the 340B program can increase overall drug spending without delivering lower out-of-pocket costs for patients.

Recent research further highlights the financial impact of the 340B program on Massachusetts. According to recent data, the program is estimated to cost Massachusetts employers and workers \$240 million annually in lost drug rebates – a number projected to rise to \$344 million if legislation mandating contract pharmacies is enacted.³ The burden is especially pronounced for state and local government employers, who face per-beneficiary costs about 6% higher than commercial employers. With 15.3 340B facilities per 100,000 residents and a 19% utilization rate, Massachusetts demonstrates above average 340B activity. These figures illustrate

³ <https://www.iqvia.com/-/media/iqvia/pdfs/us/fact-sheet/340b-fact-sheets/massachusetts--cost-of-340b-fact-sheet.pdf>



how the structure and expansion of the 340B program directly results in increased costs for employers, workers, and taxpayers across the Commonwealth.

Policy Recommendations

The current incentive structure of the 340B program poses significant affordability challenges for Massachusetts and its taxpayers, as it contributes to increased brand drug spending, reduced Medicaid rebates, and greater net expenditures for payers. AbbVie encourages the Commission to closely examine how these 340B-driven incentives impact pharmacy spending and healthcare affordability in the Commonwealth – especially regarding increased brand utilization over more affordable generics and biosimilars.

AbbVie believes that restoring transparency and preventing financial arbitrage are crucial steps to ensuring that 340B program savings directly support the vulnerable patient populations the program was designed for. Addressing these challenges necessitates federal-level solutions – such as enhanced disclosure and reporting requirements. Massachusetts stakeholders, including the Health Policy Commission, play an important role by raising awareness, fostering transparency, and advocating for federal reforms that will strengthen the program's alignment with its original intent.

Rather than proposing state-specific legislative changes, AbbVie recommends that stakeholders in Massachusetts use their influence to support federal efforts that increase transparency, enhance oversight, and ultimately ensure that the 340B program delivers its intended benefits to patients while supporting the sustainability and affordability of the state's healthcare system.

AbbVie further recommends that, as these issues are considered, the HPC and other stakeholders also give careful weight to the broader value that innovative medicines deliver. Evidence shows that advanced therapies can prevent costly complications, reduce overall healthcare utilization, and significantly improve patient well-being beyond immediate point-of-sale costs. When evaluating drug policy, we believe it is essential to factor in these substantial downstream savings and improved health outcomes, and to prioritize broad patient access to transformational treatments as a cornerstone of health system sustainability and long-term value for the Commonwealth.

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- 2) Direct-to-consumer (“DTC”) sales of prescription drugs is a growing trend in the United States, enabling pharmaceutical companies to sell their drug products to patients directly or through a third party or government platform, often at discounted prices. If your company currently offers or has publicly announced plans to offer any DTC programs, either directly or through a third-party, for the sale and distribution of any of your prescription drug products, please respond to the following questions:

AbbVie appreciates the opportunity to engage with the Massachusetts Health Policy Commission on topics related to patient access and prescription drug policy. At this time, AbbVie respectfully declines to provide a response to questions regarding direct-to-consumer (DTC) sales programs as AbbVie's business model primarily focuses on working with healthcare



providers, pharmacies, and health systems. Should relevant information become publicly available or material to Massachusetts for policy considerations in the future, AbbVie is committed to engaging in further dialogue in a transparent and good-faith manner.

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3) Massachusetts now has the highest family health insurance premiums in the United States. In 2024, the average annual cost of health care for a family exceeded \$31,000 (including out of pocket spending). This reflects the growth in underlying health care costs. As health care spending grows as a portion of household income, more and more families incur medical debt and avoid using needed care. Collaborative, urgent action across market participants is needed to reverse these trends. How can your organization contribute to this effort?

AbbVie’s Global Patient Access Programs (GPAP) are designed to ensure that people and communities in need can access AbbVie’s medicines and live healthier lives. Patients are at the heart of these efforts, reflecting our commitment to supporting everyone who needs our medicines. Our patient assistance programs, such as **myAbbVie Assist**, act as an essential safety net, helping those facing life-threatening or chronic illnesses overcome barriers to access prescribed medication due to job loss or limited insurance. Through myAbbVie Assist, eligible U.S. patients—whether uninsured or struggling to afford their medicine—can receive AbbVie products at no charge. The program currently offers access to over 45 medications, with 99% of uninsured applicants receiving support. In 2024 alone, myAbbVie Assist provided free medicine to more than 235,000 patients across the U.S., of which **we support approximately 2,000 patients annually in the Commonwealth.**

Premium increases are influenced by several factors. A major driver is the aging population, with the proportion of Americans aged 65 and over rising from 13% in 2013 to 17% in 2023 and expected to reach 21% by 2033. Older adults tend to have higher healthcare costs, which increases overall expenses. Additional contributing factors include rising rates of chronic health conditions, the complexity of the U.S. healthcare system (which can result in administrative inefficiencies), and hospital consolidation, which may reduce competition and lead to higher prices.

Recent analyses from organizations such as the Congressional Budget Office (CBO), IQVIA, and the Centers for Medicare & Medicaid Services (CMS) show that net prescription drug spending in the United States has grown more slowly than other healthcare expenditures over the past decade. According to the [CBO’s December 2022 report](#) and [IQVIA’s 2023 U.S. Medicine Trends study](#), net spending on prescription drugs—factoring in rebates and discounts—increased at a modest annual rate, averaging around 2-3% from 2013 to 2022. In contrast, overall national health spending rose by 4-5% per year during that same period, driven largely by increases in hospital care and physician services. These findings collectively demonstrate that net prescription drug spending has experienced slower growth and, in some years, slight declines compared to other major healthcare spending categories.

We would also refer you to our prior response as it relates to 340B program and its unintended impact to the healthcare system due to the lack of transparency within the program.