



2025 Pre-Filed Testimony



As part of the
*Annual Health Care
Cost Trends Hearing*

INSTRUCTIONS FOR WRITTEN TESTIMONY

If you are receiving this, you are hereby required under M.G.L. c. 6D, § 8 to submit written pre-filed testimony for the [2025 Annual Health Care Cost Trends Hearing](#).

On or before the close of business on **Friday, October 31, 2025**, please electronically submit testimony as a Word document to: HPC-Testimony@mass.gov. Please complete relevant responses to the questions posed in the provided template. If necessary, you may include additional supporting testimony or documentation in an appendix. Please submit any data tables included in your response in Microsoft Excel or Access format.

Your submission must contain a statement from a signatory that is legally authorized and empowered to represent the named organization for the purposes of this testimony. The statement must note that the testimony is signed under the pains and penalties of perjury. An electronic signature will be sufficient for this submission. All submissions are public record and will be posted to the [HPC's website](#).

If you have any difficulty with the template or have any other questions regarding the pre-filed testimony process or the questions, please contact HPC General Counsel Lois Johnson at HPC-Testimony@mass.gov or Lois.Johnson@mass.gov.

THE 2025 HEALTH CARE COST TRENDS HEARING: PRE-FILED TESTIMONY

The Massachusetts Health Policy Commission (HPC), along with the Office of the Attorney General (AGO), holds the Health Care Cost Trends Hearing each year to examine the drivers of health care costs and consider the challenges and opportunities for improving the Massachusetts health care system.

The 2025 Health Care Cost Trends Hearing offers a critical opportunity to discuss the pressing issues challenging the stability and sustainability of the Commonwealth's health care system. These include mounting affordability issues, workforce constraints, financial volatility, increasing prescription drug costs, and threats to health care access and coverage – and the ongoing efforts to address them.

Recent federal action has created uncertainties about the health care landscape in Massachusetts. It will require a renewed commitment among stakeholders and policymakers to work together towards a health care system that is more affordable, accessible, and equitable for all residents. The 2025 Health Care Cost Trends Hearing will convene industry leaders, clinicians, and community members to reflect on recent policy actions and invite further collaborative action in Massachusetts, advancing the Commonwealth's health care goals and values.

Amid the federal activity, Massachusetts is still contending with existing affordability hardships facing the Commonwealth's residents. Massachusetts now has the highest family health insurance premiums in the country. In 2024, the average annual cost of health care for a family exceeded \$31,000 (including out-of-pocket spending). As health care spending grows as a portion of household income, more and more families incur medical debt and avoid using needed care. These rates become particularly dire when health care premiums and out-of-pocket spending reach 25% of total income – a reality that 41% of Hispanic families and 26% of black families in Massachusetts faced in 2023 compared to 9% of white families. Furthermore, the average annual cost sharing per person grew from \$849 in 2019 to \$1,049 in 2023 (a 29% increase), and residents paying \$5,000 or more annually in cost sharing doubled from 2019 (1.5%) to 2023 (3.1%).

This is the first hearing since the enactment of two significant health care laws earlier this year (Chapters 342 and 343 of the Acts of 2024), which strengthen the health care market, address rising prescription drug costs, and enhance the public transparency and accountability of the Commonwealth's health care system – including requiring additional health care market participants to provide public testimony. As the HPC, the AGO, and other state agency partners continue implementation of these new laws, the 2025 Health Care Cost Trends Hearing will focus on working together to safeguard the Commonwealth's commitment to health care affordability, access, and equity.

The pre-filed written testimony affords the HPC and the AGO, on behalf of the public, an opportunity to engage with a broad range of Massachusetts health care market participants. In addition to pre-filed written testimony, the public hearing features in-person testimony from leading health care industry executives, stakeholders, and consumers, with questions posed by the HPC's Board of Commissioners about the state's performance under the [Health Care Cost Growth Benchmark](#) and the status of public and industry-led health care policy reform efforts.

QUESTIONS FROM THE HEALTH POLICY COMMISSION

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.
 - a. 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?

Johnson & Johnson (J&J) is strongly committed to supporting patients' affordable access to our medicines and to transparency. Patients' affordable access to lifesaving medicines is becoming harder each year because of increasing out-of-pocket costs, inadequate insurance benefit design and regulatory hurdles. Despite these challenges, J&J continues its efforts to support patients' access to innovative medicines by increasing rebates and discounts, supporting patient access programs, and investing in research and development.

J&J's net prices have declined by 18.2% since 2016, and our rebates, discounts, and fees to middlemen, private insurers, and other entities continued to grow, reaching \$47.8 billion in 2024 (these rebates, discounts and fees accounted for 58% of our total gross pharmaceutical sales in 2024).¹ J&J supports patient access through free products provided directly to patients as well as donated through the Johnson & Johnson Patient Assistance Foundation, Inc. (JPAF), which

¹ Johnson & Johnson, Patient Access and Affordability: 2024 Johnson & Johnson Innovative Medicine U.S. Pricing Transparency Report, <https://policyresearch.jnj.com/2024transparencyreport> (last visited October 21, 2025).

totalled \$4.5 billion in 2024.² Since 2016, J&J Innovative Medicine alone has invested over \$90 billion to deliver the next era of treatments and cures for patients.³

In addition, the U.S. intellectual property system further drives value: generic drugs put downward pressure on drug spending as branded medicines lose patent protection. In fact, a recent study showed that this important part of the prescription drug spending cycle, generic and biosimilar drugs, saved the U.S. healthcare system more than \$3.4 trillion over the last decade.⁴

We recommend policy solutions that focus on reducing out-of-pocket costs and increasing transparency in insurance coverage, such as:

- Enact legislation to protect patients from the diversion of cost-sharing assistance (e.g., copay accumulator programs, maximizer programs, and alternative funding programs), to ensure payments made by or on behalf of patients count toward their cost-sharing burden.
- Require that pharmacy benefit manager (PBM) rebates and discounts be directly shared with patients at the pharmacy counter.
- Examine the use of utilization management tools (e.g., formulary exclusion lists, prior authorization, step therapy, and nonmedical switching) and evaluate how best to regulate them in the interest of patient access and reducing OOP costs.

For more information, please refer to <https://policyresearch.jnj.com/transparency2024>.

² Johnson & Johnson, Patient Access and Affordability: 2024 Johnson & Johnson Innovative Medicine U.S. Pricing Transparency Report, <https://policyresearch.jnj.com/2024transparencyreport> (last visited October 21, 2025).

³ Johnson & Johnson, Patient Access and Affordability: 2024 Johnson & Johnson Innovative Medicine U.S. Pricing Transparency Report, <https://policyresearch.jnj.com/2024transparencyreport> (last visited October 21, 2025).

⁴ Association for Accessible Medicines: The U.S. Generic and Biosimilar Medicines Savings Report, September 2024, <https://accessiblemeds.org/wp-content/uploads/2025/09/AAM-2025-Generic-Biosimilar-Medicines-Savings-Report-W EB.pdf> (last visited October 28, 2025).

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:

While we don’t currently have a direct to patient offering, we are actively exploring ways to make it easier for patients to access our innovative medicines at lower costs.

- a. How do you select the drug products offered in your DTC programs? Which drug products do you offer through your DTC programs and which do you plan to offer?

- b. For each drug product that you currently sell through your DTC programs, indicate the DTC price for a one-month supply, and the DTC price’s percentage discount off list price (if prices differ by dosage, please respond separately for each).

Click or tap here to enter text.

- c. Please describe any eligibility requirements that consumers must meet to purchase drug products through your DTC programs, and which payment methods your programs accept or will accept, including cash pay, insurance, FSA/HSA accounts, and other payment methods.

Click or tap here to enter text.

- d. Please describe any prescriber consultations that you facilitate, either directly or through a partnership with a provider organization, for consumers seeking to purchase a drug product through your DTC programs.

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?

As noted above, J&J's net prices have declined by 18.2% since 2016. Rebates, discounts, and fees totaled \$47.8 billion in 2024.⁵ Nearly half of this total goes to the 340B Program, private health insurers and pharmacy benefit managers (PBMs), whose rebates and discounts have risen significantly since 2016.⁶

Despite these efforts, patients are not directly benefiting from lower net prices. Requiring insurers and PBMs to pass rebates and discounts directly to patients at the pharmacy counter would help lower out-of-pocket costs.

Patients, especially the most vulnerable, are burdened by rising healthcare out-of-pocket costs, which can lead to medication abandonment and worsened health outcomes. The disconnect between declining net prices and patient access and costs underscores the need to ensure patients benefit more directly from lower prices. Reforms should focus on reducing out-of-pocket expenses, holding PBMs accountable, and reforming the 340B Program to ensure discounts are shared with patients.

The 340B Drug Pricing Program was designed to help eligible safety-net healthcare providers provide access to more affordable medicines for low-income and vulnerable patients. Unfortunately, patients today are not directly benefiting from the program amidst widespread abuse and misuse. A recent study found that only 1.4% of 340B-eligible prescriptions at contract pharmacies shared any direct savings with patients.⁷ Growing 340B profits are extracted by large health systems, contract pharmacies, and PBMs.

Research shows that in Massachusetts⁸, the 340B Program is costing state taxpayers, employers and workers millions of dollars because 340B discounts

⁵ Johnson & Johnson, Patient Access and Affordability: 2024 Johnson & Johnson Innovative Medicine U.S. Pricing Transparency Report, <https://policyresearch.jnj.com/2024transparencyreport> (last visited October 21, 2025).

⁶ Johnson & Johnson, Patient Access and Affordability: 2024 Johnson & Johnson Innovative Medicine U.S. Pricing Transparency Report, <https://policyresearch.jnj.com/2024transparencyreport> (last visited October 21, 2025).

⁷ Rory Martin and Kepler Illich. "Are Discounts in the 340B Drug Discount Program Being Shared with Patients at Contract Pharmacies?" IQVIA. September 27, 2022. <https://www.iqvia.com/-/media/iqvia/pdfs/us/fact-sheet/2022/340b-program-fact-sheet.pdf> (last visited June 2025).

⁸ IQVIA, The Cost of 340B to Massachusetts, Fact Sheet, <https://www.iqvia.com/-/media/iqvia/pdfs/us/fact-sheet/340b-fact-sheets/massachusetts-cost-of-340b-fact-sheet.pdf> (last visited on October 22, 2025).

supplant manufacturer rebates otherwise provided to the government (e.g., state employee plans and Medicaid) and private employer health plans. Today, the 340B program is estimated to be costing Massachusetts' taxpayers \$33 million and employers and workers \$240 million annually because of this rebate displacement.⁹ It is difficult to know the program's impact on these groups with certainty due to a lack of transparency.¹⁰ The lack of transparency also makes it unclear to know whether vulnerable patients in Massachusetts are benefitting from 340B discounts.

State policymakers should oppose policies that expand abuses of the 340B Program. Rather, states should seek greater transparency and accountability to ensure discounts are returned to the patient and the communities that the program is intended to serve.

As one of the nation's leading healthcare companies, J&J has a responsibility to engage with stakeholders in constructive dialogue to address gaps in affordability and access as well as protect our nation's leading role in the global biopharmaceutical innovation ecosystem. We know that patients are counting on us to develop, bring to market, and support access to our medicines. We live this mission every day and are humbled by the patients who trust us to help them fight their diseases and live healthier lives. We thank you in advance for taking our recommendations into account.

For more information, please refer to <https://policyresearch.jnj.com/transparency2024>.

⁹ IQVIA, The Cost of 340B to Massachusetts, Fact Sheet, <https://www.iqvia.com/-/media/iqvia/pdfs/us/fact-sheet/340b-fact-sheets/massachusetts-cost-of-340b-fact-sheet.pdf> (last visited on October 22, 2025).

¹⁰ IQVIA, The Cost of the 340B Program to States, <https://www.iqvia.com/locations/united-states/library/white-papers/the-cost-of-the-340b-program-to-states> (last visited on October 22, 2025).