

**NEW YORK STATE SENATE
INTRODUCER'S MEMORANDUM IN SUPPORT
submitted in accordance with Senate Rule VI. Sec 1**

BILL NUMBER: S4786A

SPONSOR: RIVERA

TITLE OF BILL:

An act to amend the public health law, in relation to enacting the "New York affordable drug manufacturing act"

PURPOSE:

Enacts the "New York Affordable Drug Manufacturing Act".

SUMMARY OF SPECIFIC PROVISIONS:

Section 1 provides a short title, the "New York Affordable Drug Manufacturing Act."

Section 2 amends article 2-A of the public health law by adding a new title IV, the New York Affordable Drug Manufacturing Act, which will help increase patient access to affordable drugs. This section provides definitions for the terms "generic prescription drug" and "partnerships." This section provides language regarding criteria for the commissioner to enter into a partnership resulting in the production or distribution of generic prescription drugs with the intent it will be affordable to private and public consumers. This section also identifies points that the department should consider when setting drug prices, along with reporting requirements and proprietary information.

Section 3 provides the severability clause. Section 4 provides the effective date.

JUSTIFICATION: Prescription drugs costs, even for generics, continue to rise out of reach for patients and insurers, both public and private. New York State itself spends millions of dollars on prescription drugs through its public health insurance programs and self-funded coverage of our state workforce. One cause of drug price increases is lack of competition. Nearly 90% of prescription drugs are generic, yet a small number of companies manufacture them. Many contend this lack of competition has led to large price increases of widely-used and important medications like antibiotics and epinephrine without evidence of increased costs of manufacturing. Aside from cost, there are some medications that are at risk of being in short supply. It is important to find creative ways to lower drug costs and ensure medications are available.

This bill does not propose a new concept. U.S. Senator Elizabeth Warren during her 2020 presidential run called for the U.S. government to begin manufacturing generic medications to address rising prices, lack of competition in the market, and the potential for shortages in essential medications. California became the first state in the nation to sign into law legislation to begin the process of state manufacturing or distribution of generic medications. This New York legislation is

modeled after the California statute and would allow New York to partner with various entities, including other states, to lower costs and protect against short supplies.

Similar to California's statute, this legislation directs the Department of Health (DOH) to identify generic drugs that are high cost or susceptible to shortages for possible manufacturing partnerships. It specifically requires that the DOH consider one type of insulin, given the high costs and life-saving nature of this medication that over 7 million diabetics in the U.S. depend upon daily. The "New York Affordable Drug Manufacturing Act" would provide New York with an important tool to control drug costs for its taxpayers, residents, and those who lack health insurance by allowing New York to pursue its own drug manufacturing and partner with other states moving in this direction to both lower costs and protect against shortages of certain drugs.

LEGISLATIVE HISTORY:

2019–2020: S9020/No Same As

2021–2022: S3048/No Same As

FISCAL IMPLICATIONS:

Initial costs to be determined, but substantial long term savings as generic prescription drug costs for the state would be much lower.

EFFECTIVE DATE:

This act shall take effect on the first January next succeeding one year after it shall have become a law.

S4786-A RIVERA No Same as
ON FILE: 12/20/23 Public Health Law
TITLE....Enacts the "New York affordable drug manufacturing act"
02/14/23 REFERRED TO HEALTH
12/20/23 AMEND AND RECOMMIT TO HEALTH
12/20/23 PRINT NUMBER 4786A
01/03/24 REFERRED TO HEALTH
01/08/24 1ST REPORT CAL.80
01/09/24 2ND REPORT CAL.
01/16/24 ADVANCED TO THIRD READING
01/30/24 PASSED SENATE
01/30/24 DELIVERED TO ASSEMBLY
01/30/24 referred to health
