Testimony in Support of the New York Affordable Drug Manufacturing Act (S1618/A3236)

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Chairperson and members of the Legislature, thank you for the opportunity to testify in support of the New York Affordable Drug Manufacturing Act.

I am a family physician and a health policy researcher focused on access to medicines and pharmaceutical pricing. In my clinical practice, I care for patients who too often struggle to access and afford essential medications – because drug prices are high, their insurance is inadequate, or at times, because medicine supplies are unstable. In my research, I study how market structure and concentrated corporate power shape drug pricing and availability.[1] From both perspectives, I strongly support this bill. I offer this testimony to share three reasons why.

First, this bill addresses a concrete and urgent problem for New Yorkers.

High drug prices shape everyday health and economic decisions across New York State. More than 1.5 million New Yorkers live with diabetes, and cost pressures continue to force patients to delay refills or ration insulin – patterns reflected nationally, where roughly one in six insulin users report reducing doses because of cost.[2] In asthma care, affordability barriers are equally stark: more than 300,000 children in New York have asthma, and inhaler prices have reached levels that prompted the State to eliminate cost-sharing altogether because families were skipping or delaying essential medications.[3]

Such all-too-routine realities lead to avoidable emergency visits, hospitalizations, and long-term complications. These affordability barriers and their consequences are not experienced equally: they disproportionately harm low-income New Yorkers and communities of color, who face higher burdens of chronic disease and are more likely to encounter insurance instability and structural barriers to consistent access to medications.[4,5]

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[1] Roy, V. (2023). *Capitalizing a Cure: How Finance Controls the Price and Value of Medicines*. University of California Press.
[2] Gaffney, A., Himmelstein, D. U., & Woolhandler, S. (2022). Prevalence and Correlates of Patient Rationing of Insulin in the United States: A National Survey. *Annals of Internal Medicine*, *175*(11), 1623–1626. https://doi.org/10.7326/M22-2477
[3] *Governor Hochul Signs Legislation to Eliminate Cost-Sharing on Asthma Inhalers*. (2025, November 24). Department of Financial Services. https://www.dfs.ny.gov/reports_and_publications/press_releases/*
[4] Fang, M., & Selvin, E. (2023). Cost-Related Insulin Rationing in US Adults Younger Than 65 Years With Diabetes. *JAMA*, *329*(19), 1700–1702. https://doi.org/10.1001/jama.2023.5747
[5] Mykyta, L., Ph.D., Cohen, R. A., & Ph.D. (2023, June 1). *Products—Data Briefs—Number 470—June 2023*. https://doi.org/10.15620/cdc:127266

The New York Affordable Drug Manufacturing Act helps address these problems by intervening at their source. Rather than relying solely on downstream fixes such as copay caps, the Act targets the underlying drivers of high prices and shortages. It allows the State to identify high-impact, high-cost, or shortage-prone generic drugs and partner to produce and distribute them at transparent, affordable prices. By investing in a public manufacturing strategy, the Act can reduce price volatility, improve reliability, and lower costs not only for patients, but also for Medicaid and other public purchasers – translating policy action into security for patients and savings for government.

Second, existing policy approaches do not fully address the structural drivers of high drug prices and shortages.

Today's pharmaceutical markets are highly concentrated, and key actors – including brand-name manufacturers, pharmacy benefit managers, and other intermediaries – benefit from pricing, rebate, and contracting practices that favor higher list prices rather than affordability for patients.[6,7] These incentives shape which drugs manufacturers produce, how manufacturers and pharmacy benefit managers set and influence prices, and who bears the cost, frequently leaving patients and public programs paying astronomical levels for essential medicines.

At the same time, recurring drug shortages are not accidental. They are the product of concentrated manufacturing, fragile global supply chains, thin margins for older but essential generic drugs, and a lack of incentives to invest in redundancy or surge capacity.[8] When a single factory goes offline or a supplier exits the market, patients and clinicians feel the consequences immediately.

Federal reforms aimed at drug price negotiation and inflation penalties are important and long overdue, but they operate largely downstream of production and pricing. For example, even after the $35 insulin price caps signed into law during the Biden administration have gone into effect, patients often still pay more and ration due to cost.[9] For New York Medicaid – the largest single purchaser of prescription drugs in the state – this means continued exposure to substantial high prices and opportunity costs for other critical areas of health and social investments.

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[6] Kesselheim, A. S., Avorn, J., & Sarpatwari, A. (2016). The High Cost of Prescription Drugs in the United States: Origins and Prospects for Reform. *JAMA*, *316*(8), 858–871. https://doi.org/10.1001/jama.2016.11237

[7] *Specialty Generic Drugs: A Growing Profit Center for Vertically Integrated Pharmacy Benefit Managers*. (2025, January 14). Federal Trade Commission. https://www.ftc.gov/reports/specialty-generic-drugs-growing-profit-center-vertically-integrated-pharmacy-benefit-managers

[8] Serchen, J., Hilden, D., Silberger, J. R., & Health and Public Policy Committee of the American College of Physicians. (2025). Bolstering the Medication Supply Chain and Ameliorating Medication Shortages: A Position Paper From the American College of Physicians. *Annals of Internal Medicine*, *178*(10), 1464–1468. https://doi.org/10.7326/ANNALS-25-00607

[9] Khan, S., Rahman, N., Nally, L. M., Warren, D. B., Branda, M. E., & Lipska, K. J. (2025). Insulin Rationing Persists Despite Policy Changes: Repeated Cross-Sectional Studies, 2017 vs 2024. *Journal of General Internal Medicine*. https://doi.org/10.1007/s11606-025-09886-9

The New York Affordable Drug Manufacturing Act complements federal reforms by giving New York a proactive tool to stabilize supply, prioritize public health needs, and reduce long-term costs for patients and public programs alike.

Third, this bill reflects a long and common-sense role for government in providing essential public goods – and gives New York the opportunity to lead.

Throughout U.S. history, government has stepped in to ensure access to essential services when markets alone would undersupply them or exclude people – from public libraries and the postal service to clean water systems, emergency response infrastructure, and public health laboratories.[10] Medicines that prevent illness, control chronic disease, and save lives should be no different. Public pharmaceutical manufacturing builds on this well-established role of government in safeguarding access to goods that are fundamental to health, economic participation, and community well-being.

In the United States, MassBiologics has, for more than a century, produced vaccines and biologic products for nationwide distribution as a public, nonprofit manufacturer, demonstrating that public-oriented manufacturing can be both scientifically rigorous and operationally reliable.[11] More recently, California's CalRx initiative has shown how a state can use public authority and partnerships to address high drug prices and shortages of essential generic medicines, including insulin.[12]

The New York Affordable Drug Manufacturing Act builds on these proven models while offering New York the opportunity to go further – by directly targeting drugs with the greatest impact on affordability and access, strengthening supply reliability, and meeting concrete needs for patients. In doing so, New York can lead nationally by demonstrating how a state government can act pragmatically and effectively to ensure access to essential medicines when markets fall short.

Thank you for your leadership, and for the opportunity to testify.

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[10] Sitaraman, G., & Alstott, A. L. (2019, July 6). There Should Be a Public Option for Everything. *The New York Times*. https://www.nytimes.com/2019/07/06/opinion/sunday/public-option.html

[11] *Public Pharmaceuticals: A State-Based Solution to Sky-High Drug Costs*. The Democracy Collaborative. Retrieved February 2, 2026, from https://www.democracycollaborative.org/blogs/public-pharmaceuticals-a-state-based-solution-to-sky-high-drug-costs

[12] Socal, M. P., Pegany, V., & Ghaly, M. (2022). When States Step Up: California and the Case for State-Led Insulin Manufacturing. *Annals of Internal Medicine*, *175*(12), 1756–1758. https://doi.org/10.7326/M22-2339