



Students for Patient Advocacy Nationwide

1702 Clifton Road Suite 1650
Atlanta, GA 30322
www.spanationwide.org

December 7, 2025

The Honorable Brian BeGole, Chair
House Government Operations Committee
Michigan Senate, PO Box 30036, Lansing, MI 48909-7536

Position Letter: S.B. 3 Prescription Drug Cost and Affordability Review Act

Dear Chairwoman Camilleri and members of the House Government Operations Committee,

Students for Patient Advocacy Nationwide (SPAN) appreciates the intent of and strongly supports Senate Bill 3, which creates the Prescription Drug Cost and Affordability Review Board to evaluate rising drug prices, high-cost drugs, and recommend upper payment limits when prices are deemed excessive. This legislation addresses Michigan's rising drug costs, which burden patients and strain healthcare budgets, by introducing transparency and accountability into pharmaceutical pricing.

We strongly acknowledge and commend the efforts behind Senate Bill 3, which has the potential to protect patients from price gouging; however, key gaps in safeguards and access disruptions are still present in this bill. To build on this important mission, we write today to respectfully **request specific amendments** that would strengthen the bill's impact and success:

- **Insufficient Safeguards for Medicaid, Federally Qualified Healthcare Centers (FQHCs), and Rural Hospitals:** SB3's upper payment limits (UPLs) could unintentionally squeeze reimbursement rates for Medicaid programs, FQHCs, and rural hospitals that already operate on thin margins, due to risks associated with setting price caps on pharmaceuticals. When debated in the Senate, there was intense debate regarding broader economic questions like these, with Senators arguing that board-led price controls through UPLs could lead to overcentralized power, a reduction in innovation, and harm to markets. Without explicit protections, these safety-net providers risk bearing the cost of affordability measures designed for commercial payers.
- **Risk of Access Disruptions from UPL Implementation:** A Harvard White Paper in February 2024 said that UPL implementations enforced by PDABs could lead to an increase in out-of-pocket costs through insurers shifting drugs into non-covered tiers, more frequent use of prior authorization (which disrupts access), and manufacturers adjusting pricing and contracting strategies to avoid having their drugs selected for UPLs. This bill lacks requirements for pre-implementation impact assessments, thereby risking that UPLs can cause the aforementioned effects.



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To address these concerns, we propose the following amendments:

- **Add Further Safeguards:** Exempt Medicaid, FQHCs, and rural hospitals from UPL mandates, while requiring the board to establish separate reimbursement floors, ensuring these providers receive at least 100% of Medicare rates. This preserves care access for low-income and rural patients while targeting excessive commercial pricing. The National Rural Health Association says that these rural hospitals need these exemptions from drug pricing reforms to avoid 340B-esque disruptions and ensure further access.
- **Mandate Impact Assessments Before UPLs:** Mandate that the board conduct and publicly release a 60-day impact assessment before finalizing any UPL, evaluating effects on patient access, drug availability, manufacturer supply commitments, and alternative therapy options. Under this amendment, UPLs cannot take effect if assessments identify significant access risks exceeding 5% of affected patients, with mandatory mitigation plans.

By codifying these amendments, Senate Bill 3 would establish a robust, patient-focused mechanism to curb prescription drug costs and deliver savings for Michigan residents. By balancing cost control with patient safeguards, this bill can deliver the affordability needed for prescription drugs without the unintended harm that is currently present in this bill.

For all of these reasons, SPAN respectfully urges the committee to consider these amendments before moving the bill forward, to ensure that we advance equitable drug pricing reform.

Sincerely,

Arnav Goyal

614-301-2260 | arnav.goyal@spanationwide.org
Policy Analyst, SPAN