



A Bold Plan to Tackle Rising Costs and Meet the Health Care Needs of All Virginians

Medicaid expansion brought new, lifesaving health care coverage to 550,000 Virginians. People are seeing doctors, obtaining life-saving prescriptions, and receiving treatment for cancer, diabetes, high blood pressure and mental health or substance use disorders.¹ The year after expansion, Virginia had a 56% decrease in uninsured hospital admissions and was the only state in the nation to have a decline in the overall uninsured rate.² As Virginia's 72nd Governor, Terry laid the groundwork for Medicaid expansion by building his final budget proposal around the \$421.7 million in estimated savings from expanding Medicaid and securing an important assessment. 90% of Medicaid expansion funding comes from the federal government, bringing more federal dollars back to the Commonwealth.³ Today, Virginia Medicaid covers 1 in 4 children, 1 in 4 people with disabilities, and 3 in 5 nursing home residents.⁴

Despite the progress we have made, far too many Virginians still cannot afford the health care they need and deserve. Nearly 700,000 people in the Commonwealth currently lack health insurance, including almost 100,000 children.⁵ Nationwide, 85% of adults over 65 would be unable to afford two years of extensive home care based on their monthly income alone.⁶ Southwest Virginia is disproportionately affected by high health care costs, where 63% of residents struggle to pay medical bills.⁷ About half of Virginia adults delayed or forwent health care because of cost in the last year, and over three-quarters say they are worried about their ability to afford health care in the future.⁸ One in four Virginians struggle to pay for their

¹ "Medicaid Expansion Enrollment." *DMAS*, 06/01/2021, <https://www.dmas.virginia.gov/open-data/medicaid-expansion-enrollment/>

² "Medicaid Expansion in Virginia." *DMAS*, <https://www.dmas.virginia.gov/media/2828/medicaid-expansion-infographic-draft-1720.pdf>

³ "Medicaid Financing: The Basics." *KFF*, 05/07/2021, <https://www.kff.org/medicaid/issue-brief/medicaid-financing-the-basics/>

⁴ "Medicaid in Virginia." *KFF*, October 2019. <https://files.kff.org/attachment/fact-sheet-medicaid-state-VA>

⁵ "Profile of Virginia's Uninsured." *Virginia Health Care Foundation*, Mar. 2021, www.vhcf.org/data/

⁶ "The Financial Burden of Paid Home Care on Older Adults: Oldest And Sickest Are Least Likely To Have Enough Income." *Health Affairs*, June 2019, <https://www.healthaffairs.org/doi/10.1377/hlthaff.2019.00025>

⁷ Edwards, John. "Edwards: Medicaid expansion has been a success in Virginia." *The Roanoke Times*, 4 Aug. 2019.

⁸ "Virginians Struggle to Afford High Healthcare Costs; Support a Range of Government Solutions Across Party Lines." *HealthCare Value Hub*, July 2019, <https://www.healthcarevaluehub.org/advocate-resources/publications/virginians-struggle-afford-high-healthcare-costs-support-range-government-solutions-across-party-lines>

prescription medications⁹, and nearly one-third of Americans report that they do not take prescription medications as prescribed by medical professionals because they are too expensive.¹⁰ Virginians face a health care affordability crisis every day, and they need big, bold leadership to address it.

During his administration, Terry fought against extreme Republicans in the legislature who refused to expand Medicaid to more than half a million Virginians in need. Against their obstruction, Terry implemented his “A Healthy Virginia” plan, a bold initiative that expanded health care coverage to nearly 30,000 uninsured Virginians for important services such as dental care, mental health services, and substance use disorders. He was proud to sign now-Speaker Filler-Corn’s legislation requiring insurance companies to cover a year’s supply of birth control pills at one time. Terry overhauled the anti-choice Board of Health when he took office and immediately unraveled the harmful regulations they put in place, keeping every reproductive health clinic in Virginia open that Republicans tried to close. Terry also vetoed every anti-reproductive health bill passed by the General Assembly, including multiple bills that would have defunded Planned Parenthood in Virginia.

Glenn Youngkin and extreme Virginia Republicans are gearing up for a fresh wave of attacks against affordable health care, spending Youngkin’s fortune in order to buy this election for their extreme right-wing, pro-Trump agenda. Terry was a brick wall against extreme Republican attacks on health care during his administration, and he will be ready on day one to fight for affordable health care as Virginia’s next governor. After Terry paved the way to expand Medicaid coverage to over half a million more Virginians, Glenn Youngkin said Medicaid expansion was “sad.” And as Virginia families and businesses reeled from the effects of COVID-19 and record unemployment rates, Youngkin called the American Rescue Plan “unnecessary”, even though it ensured people who lost their jobs would still receive health care coverage, and provided 41,000 Virginians without insurance essential tax credits to assist with the cost of health care coverage. When Virginians needed it most, Glenn Youngkin fought against the economic recovery, against nursing homes, and against affordable health care.

Terry has worked with stakeholders all across the Commonwealth to put together an ambitious set of plans to make health insurance more affordable, lower prescription drug costs, support older Virginians, and create new options for affordable health care coverage. He will lower premiums by setting up a state reinsurance program, standing up Virginia’s health care exchange, and bolstering Medicaid — including with a public buy-in program. To support older Virginians, Terry will expand PACE centers and make long-term care more affordable. He will improve oversight, fairness, and consumer protections by establishing new oversight offices to prevent unfair practices from insurance companies and pharmaceutical companies. Terry is committed to big, bold solutions that will break down cost barriers preventing people from living healthy lives, especially as we recover from the effects of the COVID-19 pandemic. Terry’s plan will:

⁹“Virginia Residents Worried about High Drug Costs- Support a Range of Government Solutions.” *Healthcare Value Hub*, October 2019, <https://www.healthcarevaluehub.org/advocate-resources/publications/virginia-residents-worried-about-high-drug-costs-support-range-government-solutions>

¹⁰ “KFF Health Tracking Poll – February 2019: Prescription Drugs.” *KFF*, 03/01/2019, www.kff.org/health-costs/poll-finding/kff-health-tracking-poll-february-2019-prescription-drugs/.

Stabilize the Marketplace and Lower Premiums

During his presidency, Donald Trump and Republicans worked tirelessly to dismantle the Affordable Care Act (ACA) and destabilize the individual insurance market, and Americans and Virginians paid the price. Health care spending in Virginia reached \$6,624 per person in 2018¹¹ while Virginians living in rural communities continue to lack basic access to health care and face serious shortages in providers.¹² We cannot rebuild our post-COVID economy if Virginians do not have access to quality, affordable health care. We must ensure premiums are affordable, consumers are protected, and the insurance marketplace is healthy and competitive. As governor, Terry will:

- **Stand up Virginia’s state health care exchange.** In 2020, Senator Jennifer McClellan successfully passed legislation to stand up a Virginia exchange, which is expected to be functional by 2023.¹³ The new platform will make health care more affordable in the Commonwealth, with health officials projecting that Virginia can operate the exchange at about half the cost of the federal government with the savings.¹⁴ These savings will support better outreach, increased enrollment, and lower costs to consumers. Standing up the exchange will also allow Virginia to collect the 3% fee that insurance companies pay to list plans, rather than passing those funds along to the federal government, and it will open up the opportunity to offer direct financial support to Virginians to purchase insurance through premium tax credits or subsidies. As governor, Terry will work with Senator McClellan and the Democratic majorities in the legislature to stand up the new exchange and lower health care costs for Virginians purchasing insurance on the new marketplace. Terry will also work to create standardization among plans on the exchange to protect consumers, target outreach and enrollment services, as well as work directly with insurers to make sure that plans meet the health care needs of all Virginians.
- **Implement a state reinsurance program.** During the 2021 General Assembly, the legislature took an important step toward creating a reinsurance program by passing enabling legislation. Now we must secure approval of a Section 1332 state innovation waiver under the ACA, which will allow us to access federal funds to support a reinsurance program. Reinsurance helps insurers offset some of the costs of covering enrollees with high medical expenses, which allows insurers to keep premiums lower for the rest of their enrollees. These programs have a proven track record of reducing premiums, increasing insurer participation in the marketplace or new exchange, and stabilizing the individual market. Every state that has implemented a waiver-funded individual market reinsurance program has seen lower premiums for those otherwise ineligible for subsidies as a result.¹⁵ Some states have experienced premium reductions of

¹¹ “Healthcare Affordability State Policy Scorecard; State: Virginia.” *Healthcare Value Hub*, https://www.healthcarevaluehub.org/application/files/6515/8136/1647/VA-State_Scorecard.pdf

¹² “Underserved Areas.” *Virginia Health Care Foundation*, www.vhcf.org/who-and-how-we-help/workforce-initiatives/underserved-areas/

¹³ “Virginia working to transition from federal insurance exchange to state-based marketplace.” *The Roanoke Times*, 02/08/2020, https://roanoke.com/news/local/virginia-working-to-transition-from-federal-insurance-exchange-to-state-based-marketplace/article_9e947e7a-d599-5e10-b815-8dcad937cb46.html

¹⁴ “Virginia working to transition from federal insurance exchange to state-based marketplace.” *The Roanoke Times*, 02/08/2020, https://roanoke.com/news/local/virginia-working-to-transition-from-federal-insurance-exchange-to-state-based-marketplace/article_9e947e7a-d599-5e10-b815-8dcad937cb46.html

¹⁵ “The Benefits and Limitations of State-Run Individual Market Reinsurance.” *The Commonwealth Fund*, 11/11/2020, www.commonwealthfund.org/publications/issue-briefs/2020/oct/benefits-limitations-state-run-individual-market-reinsurance

30% or more that have continued year after year.¹⁶ If we are truly going to make healthcare more affordable for Virginians in need, we have to secure a 1332 waiver in Virginia. As our next governor, Terry will work with the Biden administration to get this done.

- **Create a Medicaid “buy-in” option on the exchange.** Virginians who earn less than \$17,775 or \$30,305 for a family of three may qualify for Medicaid,¹⁷ but those who make just over that threshold often have trouble paying for out-of-pocket costs such as deductibles and coinsurance, even with federal subsidies to help offset the cost of their premiums. As governor, Terry will leverage Virginia’s Medicaid program infrastructure and purchasing power to create a Medicaid-like plan that would be available on the new state-based exchange for those who do not qualify for Medicaid but are having trouble paying for coverage, and he will also consider opportunities to cap provider payments to further protect consumers. The buy-in option will help further stabilize the insurance market and expand coverage by offering an affordable insurance plan to many more Virginians.
- **Make current telehealth flexibilities permanent.** The COVID-19 pandemic has illuminated the many benefits of telemedicine in providing care when individuals might not have the opportunity to visit their provider in person. Telehealth visits cost on average only \$79 compared to an in-person average of \$146 per visit, making them a more affordable option for seeking treatment.¹⁸ Virginia has already made some temporary telehealth measures permanent this year, including expanding Medicaid coverage of telemedicine to include remote monitoring of high-risk patients.¹⁹ As governor, Terry will leverage the flexibility provided by the federal government to maximize opportunities for virtual care, and work with Senators Mark Warner and Tim Kaine on their efforts to pass the CONNECT for Health Act and permanently open up telemedicine options currently allowed under a temporary public health emergency — securing access to this life-saving innovation for all Virginia residents and health care providers.^{20, 21} He will also work to drastically expand broadband and technology literacy, making sure that new options are accessible to all Virginians, including in rural areas where telehealth has been shown to vastly improve health outcomes.²²
- **Create an Office of Health Insurance Oversight at the State Corporation Commission and add affordability criteria to rate review.** From 2017-2020,

¹⁶ “The Benefits and Limitations of State-Run Individual Market Reinsurance.” *The Commonwealth Fund*, 11/11/2020,

www.commonwealthfund.org/publications/issue-briefs/2020/oct/benefits-limitations-state-run-individual-market-reinsurance

¹⁷ “Medicaid/FAMIS (Virginia’s State Sponsored Health Insurance Program).” *Virginia Health Care Foundation*, www.vhcf.org/looking-for-help/health-insurance/state-sponsored-health-insurance-the-famis-programs-and-medicaid/.

¹⁸ “Can’t see your doctor in person? Take advantage of your telemedicine options.” *CNBC*, 05/06/2020, <https://www.cnn.com/2020/05/06/why-you-should-take-advantage-of-your-telemedicine-options.html>

¹⁹ “HB 1987 Telemedicine; coverage of telehealth services by an insurer, etc.” *LIS*, <https://lis.virginia.gov/cgi-bin/legp604.exe?212+sum+HB1987>

²⁰ “Potential Congressional Action on Telehealth.” *JPSUPRA*, 05/06/2021, <https://www.jdsupra.com/legalnews/potential-congressional-action-on-4341089/>

²¹ “Warner & Kaine Reintroduce Legislation to Expand Telehealth Services amid COVID-19 Crisis.” *Tim Kaine; United States Senator from Virginia*, 04/30/2021, <https://www.kaine.senate.gov/press-releases/warner-and-kaine-reintroduce-legislation-to-expand-telehealth-services-amid-covid-19-crisis>

²² “What Works? Strategies to Improve Rural Health.” *County Health Rankings & Roadmaps*, www.countyhealthrankings.org/reports/what-works-strategies-improve-rural-health

Virginians purchasing insurance through the individual market saw a 17.8% increase in premiums, which was among the highest in the nation.²³ The rising cost of health insurance is crippling for many Virginians who were already struggling to afford healthcare costs. Virginia's families deserve protection from premium gouging and assurance that any rate increase is justified. This is especially critical as Virginia begins implementing a state-based health care exchange. The State Corporation Commission has been under-resourced for too long, preventing the agency from effectively serving as a watchdog for Virginia consumers. As governor, Terry will work to create an Office of Health Insurance Oversight, solely focused on improving the quality and affordability of health coverage in Virginia. It will act as a permanently convened health spending oversight entity, with the first task of incorporating new affordability criteria into insurance rate reviews. Terry will ensure that insurance plans sold in Virginia reflect industry best practices to improve the health of Virginians while constraining rising health care costs.

- **Strengthen consumer protection.** We must protect Virginians who seek out access to vital health care and become the target of illegal and unethical health care billing practices. The Commonwealth's balance billing law, which went into effect this year, is an important step in that direction, protecting consumers against surprise out-of-network health care costs.²⁴ Terry will ensure that all Virginians know their rights in case of wrongful billing and will work to strengthen protections against other predatory billing practices. In addition to predatory billing, consumers are also at risk of scammers who take advantage of increased health care enrollment to target Virginians, collecting personal information and charging unnecessary fees.²⁵ Terry will work with the Attorney General and the Office of Consumer Protection Section to weed out these scams and improve public outreach about insurance enrollment. Terry will also coordinate with state and local law enforcement to identify these bad actors and take every step possible to protect Virginians so they can focus on what is most important -- getting the care they need without worrying about the unexpected price tag.

Support and Lower Costs for Older Adults

American adults 65 and older pulled \$22 billion from their savings in one year to cover health care costs, and three in four of those adults believe that the government does not do enough to keep health care costs down.²⁶ 62% of Virginia adults are worried about medical costs when elderly, and 65% are worried about the cost of nursing home and home care services.²⁷ As a Commonwealth, we must do better in supporting our older adults as we come out of the worst of the COVID-19 pandemic. As Virginia's 72nd Governor, Terry fought for Medicaid expansion, which increased coverage for older adults by 15% and improved their activities of daily living by

²³ "Marketplace Premiums and Insurer Participation: 2017 – 2020." *U.S. Health Report*, Jan. 2020, www.urban.org/sites/default/files/publication/101499/moni_premiumchanges_final.pdf

²⁴ "Balance Billing Protection," *State Corporation Commission*.

²⁵ "Beware of scammers trying to sell government healthcare coverage." *WRIC*, 03/05/2021, <https://www.wric.com/news/8news-consumer-alerts/beware-of-scammers-trying-to-sell-government-healthcare-coverage/>

²⁶ "U.S. Seniors Pay Billions, yet Many Cannot Afford Healthcare." *Gallup*, 04/15/2019, <https://news.gallup.com/opinion/gallup/248741/seniors-pay-billions-yet-cannot-afford-healthcare.aspx>

²⁷ "Virginians Struggle to Afford High Healthcare Costs; Support a Range of Government Solutions Across Party Lines." *Healthcare Value Hub*, July 2019, <https://www.healthcarevaluehub.org/advocate-resources/publications/virginians-struggle-afford-high-healthcare-costs-support-range-government-solutions-across-party-lines>

34% nationwide.²⁸ He also expanded the No Wrong Door program, which helps older adults and people with disabilities to more easily get connected with services.²⁹ Terry believes we must fix our broken health care system so that older Virginians can trust in their health care. As governor, Terry will:

- **Improve long-term health care and support aging Virginians.** Older adults are at the greatest risk of developing chronic health conditions that require around-the-clock care, either in long-term healthcare facilities or by home care aides.³⁰ This is becoming an increasingly serious issue in Virginia, as our elderly population is anticipated to nearly double in size between 2010 and 2030.³¹ Moreover, the pandemic has highlighted the need to better support older adults, caregivers and Virginia’s institutional long-term care infrastructure. The shocking reality is that 3.2 percent of total COVID-19 cases are found in nursing homes, yet they account for 32 percent of all COVID-related deaths in the entire Commonwealth.³² These facilities also continue to experience staffing shortages at alarming rates, making it difficult to ensure a consistent high quality of care.³³ We have to do better for our most vulnerable community members. As governor, Terry will support efforts that allow older adults to age in place by expanding access to in-home care options and exploring opportunities to leverage Medicaid to further support caregivers. Additionally, he will partner with our community colleges to provide training for caregivers at no cost. Terry will also work to address employee retention by raising wages for home health care workers and ensuring access to paid sick and family medical leave.
- **Expand PACE centers to give more care options for older adults.** Virginia’s Programs of All-Inclusive Care for the Elderly (PACE) give older adults the option to stay at home and receive comprehensive medical care, all covered under Medicaid and Medicare.³⁴ These programs are a vital way to give seniors an affordable alternative to nursing home care, and are more flexible than other all-inclusive programs, with the ability to have in-home and out-of-home care.³⁵ However, PACE services are only available to individuals in existing PACE service areas near centers, and programs are challenging to set up due a lack of qualified staff and the complexity of the programs for both health care providers and health plans.³⁶ Terry is committed to overcoming the barriers to PACE access by creating incentives for practitioners to live and work in rural

²⁸ “ACA Medicaid Expansion Associated With Increased Medicaid Participation and Improved Health Among Near-Elderly: Evidence From the Health and Retirement Study.” *The Journal of Health Care Organization, Provision, and Financing*, 07/28/2020, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7388087/>

²⁹ “Governor McAuliffe announces \$3 million in grants to expand No Wrong Door program.” *Augusta Free Press*, 11/23/2015, <https://augustafreepress.com/governor-mcauliffe-announces-3-million-in-grants-to-expand-no-wrong-door-program/>

³⁰ “Long Term Care In Virginia.” *AARP*, Dec. 2009, assets.aarp.org/rgcenter/health/state_ltc_b_09_va.pdf

³¹ “1 in 5 Virginians will be over 65 years by 2030.” *StatChatVA*, 03/03/2021, <http://statchatva.org/2017/07/05/1-in-5-virginians-will-be-over-65-years-by-2030/>

³² “Report Outlines Recommendations to Improve Long-Term Care.” *CBS 19*, 12/10/2020, www.cbs19news.com/story/43042011/report-outlines-recommendations-to-improve-longterm-care

³³ “Virginia Nursing Home Deaths Reach Record Highs, Staff Shortages Climb.” *AARP - States*, states.aarp.org/virginia/virginia-nursing-home-deaths-reach-record-highs-staff-shortages-climb

³⁴ “How the Medicare Advantage Landscape Has Evolved for Home Care Providers.” *Home Health Care News*, 06/13/2021, homehealthcarenews.com

³⁵ “How the Medicare Advantage Landscape Has Evolved for Home Care Providers.” *Home Health Care News*, 06/13/2021, homehealthcarenews.com

³⁶ “Program of All-Inclusive Care (PACE): Past, Present, and Future.” *DHCS*,

https://www.dhcs.ca.gov/provgovpart/Documents/Waiver%20Renewal/PACE_Article_JAMDA_091.pdf

areas, which are underserved by PACE centers. He will also direct the Department of Medical Assistant Services to put out a Request for Applications, opening the door to new PACE centers serving more Virginians.³⁷

Hold Big Pharma Accountable and Lower Prescription Drug Costs

Last year, Governor Northam signed into law a monthly cost-sharing cap of \$50 for insulin prescriptions in Virginia for everyone with state-regulated commercial insurance.³⁸ In order to obtain the lowest drug prices for the Commonwealth, we must leverage every tool available to us to increase transparency and drive down drug costs, including our state procurement process. Terry has released a full plan for more transparent and affordable prescription drug prices, [“Prescription for a Healthier Virginia: Holding Big Pharma Accountable to Ensure Affordable Drug Prices.”](#) His plan will secure the lowest possible prices by pooling Virginia’s purchasing power for state agencies, implementing a pharmacy benefit carve-out model for Virginia’s Medicaid program, and exploring bulk purchasing as a way to lower costs. Terry will make sure that no person has to choose between medication or a meal. As Governor, Terry will:

- **Create a Prescription Drug Accountability Division at the State Corporation Commission (SCC).** As the cost of prescription drugs continues to skyrocket, we must intervene and protect Virginians so they don’t have to choose between taking medically-necessary prescriptions or paying their basic living expenses. As governor, Terry will work with the legislature to create a Prescription Drug Affordability Division at the SCC that will be charged with monitoring prescription drug prices and serving as a watchdog for Virginia consumers. The SCC is well-equipped to take on this responsibility, as it already regulates the insurance industry and Pharmacy Benefit Managers (PBMs), the industry middlemen operating between insurance companies and pharmacies. When rising drug prices surpass certain thresholds, the SCC will step in to conduct an affordability review and require drug manufacturers to justify price increases. If an increase is determined to be excessive, the SCC could set an upper limit on how much state payers in Virginia would spend on that drug, which will reduce costs and ensure consumers can afford the drug. Under this framework, Terry will create long-needed regulatory infrastructure in the Commonwealth and protect consumers from predatory pricing.
- **Pass a Prescription Drug Price Sunlight Law and finally open up the black box of prescription drug pricing.** The prescription drug supply chain is incredibly complex and involves numerous middlemen. There are also countless confidential negotiations for rebates and discounts, making it hard to know what is actually driving drug prices higher. The lack of transparency makes it easy for these industries to operate in the shadows and profit off the backs of Virginia taxpayers and consumers. Terry will shine a light on this obscure system and require drug manufacturers, wholesalers, insurers, and PBMs to submit detailed cost and price information on high-cost drugs for Virginians, including the impact of drug costs on rising premiums. Terry will also ensure that these industries report information about certain increases in drug prices to the SCC and consumers in

³⁷ “Program of All-Inclusive Care for the Elderly.” *DMAS*, 05/18/2020, https://www.dmas.virginia.gov/media/1811/rfa-2020-03-pace-southwest_.pdf

³⁸ “Gov. Northam signs \$50 per month insulin cap.” *WTKR*, 04/12/2020, <https://www.wtkr.com/news/gov-northam-signs-50-per-month-insulin-cap>

advance of the increase and provide justification for the increase. Virginians can rely on Terry to deliver transparency and fairness.

- **Maximize Virginia’s ability to negotiate for the lowest drug prices possible.** Currently, state agencies responsible for prescription drug coverage in the Commonwealth all negotiate the price of drugs independently. That means that the cost of state-purchased or reimbursed prescription drugs could vary significantly among employee health plans, state hospitals, correctional facilities, and others. Terry will pool Virginia’s purchasing power for these state payers so we can negotiate directly with drug companies, seek discounts and better bulk drug pricing for the Commonwealth. He will also direct the Medicaid program to seek additional discounts from drug companies by joining with other states in multi-state purchasing pools, negotiating higher rebates for drugs that surpass certain price limits, and creating value-based payment arrangements with individual manufacturers for specific drugs. Terry will explore every opportunity available to the Commonwealth to save money and protect consumers.
- **Implement a pharmacy benefit carve-out model for Virginia’s Medicaid program.** The Virginia Department of Medical Assistance Services (DMAS) currently contracts with Managed Care Organizations (MCOs) to administer its Medicaid program, including the pharmacy benefit. Four states have implemented models that carve out the pharmacy benefit from the MCOs and enable the state Medicaid program to administer this benefit, and several other states are considering this option as well.³⁹ In 2019, DMAS was directed to study the most cost-effective manner to deliver this benefit without jeopardizing clinical benefits. The DMAS study ultimately found that carving out the pharmacy benefit would not only result in a \$32 million savings to the Commonwealth, but it would also provide the most transparency into this complex system.⁴⁰ As governor, Terry will ensure that DMAS adopts and implements a carve-out model for its pharmacy benefit and redirects those savings into other critical services.
- **Hold industry middlemen to a higher standard and make PBMs compete to bid down costs.** In recent years the Virginia legislature has adopted several important initiatives, including: eliminating “gag orders” that prevent pharmacies from advising patients of true drug prices or cheaper alternative options; requiring licensure of PBMs; and prohibiting spread pricing that allows industries to profit without passing on savings to consumers. However, there is more work to be done to protect Virginia consumers from predatory practices. As governor, Terry will require PBMs to act as fiduciaries, ensuring that they are acting in the best interests of their clients and not their bottom lines. Too often, PBMs are incentivized to favor high-cost drugs due to rebates and other discounts, resulting in savings for insurers and high costs for consumers. This practice must end. Terry will also require PBMs to engage in a transparent, multi-round reverse auction bidding process where PBMs can review other bids and improve their offers throughout the process. This practice has led to decreased spending in other states; for

³⁹“How State Medicaid Programs Are Managing Prescription Drug Costs: Results from a State Medicaid Pharmacy Survey for State Fiscal Years 2019 and 2020 - Pharmacy Benefit Administration.” *KFF*, 04/29/2020, www.kff.org/report-section/how-state-medicaid-programs-are-managing-prescription-drug-costs-pharmacy-benefit-administration/.

⁴⁰“DMAS Update for Joint Subcommittee for Health and Human Resources Oversight - Pharmacy Benefit Delivery Models.” *HAC Virginia*, 12/2/2019, hac.virginia.gov/subcommittee/JT_HHR_Oversight_Sub/12-2-19/12022019_No1a_Pharmacy%20Rx%20Cost%20Report.pdf.

example, one state is anticipating several billion in savings over a several-year period because of this reform.⁴¹ Additionally, Terry will ensure that all of these requirements become conditions of PBM licensure in Virginia, meaning that any PBM that fails to comply with these provisions could lose their licensure. It is past time for bold, aggressive action and Terry will deliver for Virginia consumers as governor.

- **Penalize pharmaceutical companies for imposing excessive and unsupported price increases on Virginia consumers.** While Virginians and Americans struggle to pay for their prescription medications, the pharmaceutical industry continues to increase drug prices, despite raking in nearly \$12 trillion in revenues between 2000 and 2018.⁴² As governor, Terry will hold pharmaceutical companies accountable for unjustifiable price increases. The Institute for Clinical and Economic Review (ICER) conducts evidence-based reviews of prescription drug prices, labeling them as unsupported if they are not backed by clinical effectiveness, patient experiences, or similar evidence. Virginia will become one of the first states in the nation to adopt a bold policy to utilize ICER's reviews and impose aggressive taxes on companies that dole out unsupported price increases on their drugs. If pharmaceutical companies want to raise their prices without cause, we will ensure they pay a substantial tax that can be reinvested to meet the healthcare needs of Virginians.
- **Create a Prescription Drug Affordability Commission.** In addition to creating an accountability division within the SCC, Terry will immediately create a Prescription Drug Affordability Commission to begin exploring additional policy solutions to lower costs for consumers. While Terry works to build capacity within the SCC, this Commission will be able to dive right in and get to work. Terry will direct the Commission to develop short and long-term policy recommendations, including immediate solutions that can be implemented through executive action. The Commission will be tasked with exploring multi-state purchasing pools, bulk purchasing opportunities and additional transparency measures that are necessary to protect consumers. Leveraging every mechanism the Commonwealth has to rein in drug costs, Terry will be the ambitious leader Virginians need in Richmond.

⁴¹"States Save on RX Spending by Using Reverse Auctions for Pharmacy Benefit Manager Service Procurement." *National Academy for State Health Policy*, 24 Aug. 2020, <https://www.nashp.org/states-save-on-rx-spending-by-using-reverse-auctions-for-pharmacy-benefit-manager-service-procurement/>

⁴²"Big Pharma Companies Earn More Profits than Most Other Industries, Study Suggests." *Newsweek*, *Newsweek*, 03/04/2020, www.newsweek.com/big-pharma-companies-profits-industries-study-1490407#:~:text=Their%20calculations%20found%20that%20in,gross%20profit%20of%20%248.6%20trillion.