



## **Service Employees International Union, Local 503, OPEU**

---

### **SEIU Local 503 Testimony, SB 1577 Senate Health Care, Human Services and Rural Health Policy February 6, 2012**

Chair Monnes Anderson, members of the committee, thank you for taking my testimony today. SEIU Local 503 worked with Senator Rosenbaum to reintroduce this legislation because we believe it is important to look for cost-savings in every agency and in every line-item at a time when there are proposals to drastically cut services to Oregonians.

SB 1577 ensures that agencies that provide prescription drugs are using the Oregon Prescription Drug Program which was set up to provide lower cost drugs to agencies and local governments.

In the report that we released last year, "Moving Oregon Forward 2011" we found that there could be significant cost savings if agencies were to switch to OPDP. I provided a fact sheet with our analysis. When SAIF switched to OPDP in 2008 they lowered the cost of their prescription drugs by 14%. If the Department of Corrections and the Oregon Youth Authority were to get 8% savings on their prescription drug costs, it would save \$1.5 million annually for the two agencies. While that may not seem like a lot, \$1 million provides 261 seniors homecare for a year or would provide beds for over 10 youth at the Oregon Youth Authority.

We also included some analysis of PEBB in the report and found that there could be significant savings if they were to join OPDP as well. We based our estimated cost savings of 8% off of the savings that Washington PEBB realized when they switched to Washington's version of OPDP. We do want to acknowledge that in Oregon there are some PEBB participants that use Kaiser Permanente's Pharmacy Drug Program. This program prioritizes keeping prescription drug costs down. The 8% cost savings that we estimate for PEBB in the report would not be realized for people that use Kaiser Permanente's Pharmacy Drug Program.

Kaiser Permanente's Pharmacy Drug Program is a perfect example of why in the bill we created an opt-out of OPDP for agencies that were able to identify cheaper options for prescription drugs. SB 1577 is meant to be a bill that helps the state save money, if an agency is able to identify cheaper prescription drug options than it should be encouraged for them to use those options. OYA currently has a contract to buy their prescription drugs through a contract with Payless and at a time when there are proposals to reduce educational services for youth at OYA, that contract should be reviewed to ensure that it provides cheaper options than OPDP instead of continuing business as usual.