To: Oregon State Legislature, House Committee on Healthcare
Testimony in Support of: HJM 14
Hearing: April 12, 2013

Submitted by Donna L. Cohen
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The following abstracts are from Health Affairs Magazine, a highly regarded journal of healthcare policy. I believe these articles support the need for reform – the need for the federal government to have the authority to negotiate Medicare prescription drug prices, and the need for more regulation over the pharmaceutical industry overall, including requiring more evidence-based research upon which medical practitioners can make decisions.

The federal government should have more authority over all pricing in the pharmaceutical industry. The pharmaceutical industry is the third most profitable in the country, with profits of over 19%*. It has been shown that a very small percentage of their revenue is devoted to R&D. This industry profits, at the expense of citizens who can many times ill afford the cost of medicines. In the past, I have personally procured prescription drugs from Canada, either to avoid egregious prices here - even at a so-called non-profit medical facility, or to be able to afford the drug at all.

[*http://money.cnn.com/magazines/fortune/fortune500/2009/performers/industries/profits/]

http://content.healthaffairs.org/content/32/4/753.abstract
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Higher US Branded Drug Prices And Spending Compared To Other Countries May Stem Partly From Quick Uptake Of New Drugs

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Abstract

The United States spends considerably more per capita on prescription drugs than other countries in the Organization for Economic Cooperation and Development (OECD). Drawing on the Intercontinental Medical Statistics Midas database, we examined the variation in drug prices among selected OECD countries in 2005, 2007, and 2010 to determine which country paid the highest prices for brand-name drugs, what factors led to variation in per capita drug spending, and what factors contributed to the rate of increase in drug spending. We found that depending on how prices were weighted for volume across the countries, brand-name prescription drug prices were **5–198 percent higher in the United States** than in the other countries in all three study years. (A limitation is that many negotiated price discounts obtained in the United States may not be fully reflected in the results of this study.) A contributor to higher US per capita drug

spending is faster uptake of new and more expensive prescription drugs in the United States relative to other countries. In contrast, the **other OECD countries** employed mechanisms such as health technology assessment and restrictions on patients' eligibility for new prescription drugs, and they **required strict evidence of the value of new drugs. Similarly, US health care decision makers could consider requiring pharmaceutical manufacturers to provide more evidence about the value of new drugs in relation to the cost and negotiating prices accordingly.**

[Bolding added by Cohen]

http://content.healthaffairs.org/content/32/4/762.abstract

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Compared To US Practice, Evidence-Based Reviews In Europe Appear To Lead To Lower Prices For Some Drugs

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Abstract

In Europe drug reimbursement decisions often weigh how new drugs perform relative to those already on the market and how cost-effective they are relative to certain metrics. In the United States such comparative-effectiveness and cost-effectiveness evidence is rarely considered. Which approach allows patients greater access to drugs? In 2000–11 forty-one oncology drugs were approved for use in the United States and thirty-one were approved in Europe. We compared patients' access to the twenty-nine cancer drugs introduced into the health care systems of the United States and four European countries. Relative to the approach used in the US Medicare program in particular, **the European evidence-based approach appears to have led to reduced prices for those drugs deemed worthy of approval and reimbursement. The result is improved affordability for payers and increased access for patients to those drugs that were available. The United States lacks a systematic approach to assessing such evidence in the coverage decision-making process, which may prove inadequate for controlling costs, improving outcomes, and reducing inequities in access to care.**

Thank you.