



TAKING ACTION, MAKING CHANGE

April 12, 2012

Chair Greenlick and Members of the Committee:

My name is Darlene Huntress, and I live here in Salem. I am also a national organizer for the Alliance for a Just Society. We are a national coalition of 9 state-based organizations, including Oregon Action. We support our affiliates' work on regional and national issue campaigns, focusing on economic, racial and social inequities. One of our current campaigns addresses a national effort to reign in healthcare costs by passing legislation that would allow Medicare to negotiate lower prescription drug costs to beneficiaries, and it is that campaign which brings me here today to express our support for HJM 14.

I don't have to tell any of you about the federal budget crisis, or about the debate in DC that has been unfolding around it. And whenever there is talk about reducing the deficit, the cost of health care is inevitably part of the discussion. The hard truth is that we can't afford to keep pace with skyrocketing health care costs. But Medicare itself is not the problem and drastically cutting benefits is not the solution.

Instead, we need to focus on what is driving up the cost of health care – and anyone who has had to pay for a prescription lately knows full well that those costs are a big part of the problem. The fact is, pharmaceuticals comprise about 10% of the cost drivers in the health care economy and it is a growing part of health care as the population ages and prescription medicines becomes more widely used.

- Over the last decade, number of Americans using 5 or more prescription drugs increased by 70%
- 1 out of every 5 children and 9 out of every 10 seniors use at least one prescription drug per month.
- In 2010, 48 million Americans could not fill their prescriptions due to cost—a 66% increase since 2001.

Drug makers charge customers in the U.S. - especially the government - vastly more for the same drugs than they do in places like Canada and Europe, where government health plans bargain with the drug companies to protect their citizens. Per capita drug spending in the U.S. is about 40 percent higher than in Canada, 75 percent greater than in Japan and nearly triple the amount spent in Denmark. Why? Because of a provision that expressly prohibits the federal government from doing it. As a result, Medicare Part D pays significantly more for the same drugs than the Veterans Administration and Medicaid, which are allowed to negotiate based on volume.

The solution seems simple enough: bring the pharmaceutical industry to the table and negotiate lower prices. This is an industry that can well afford to negotiate, but they spend millions of dollars not to. Pharmaceutical companies spent nearly \$153 million on lobbying in 2011; they employ 876 lobbyists, equal to nearly two for

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each member of Congress; and they made \$14.7 million in contributions through the 2012 election cycle. It's not surprising that the industry is spending hundreds of millions of dollars buying influence in the Beltway – the industry profits \$600 billion per year in part thanks to policies that keep drug prices artificially high. But during this moment of fiscal crisis, amid rhetoric of shared sacrifice, why should the pharmaceutical industry continue to have the ability to name its own prices, while seniors – with average income of only \$22,000 per year – get put on the chopping block?

A number of solutions have been introduced in Congress to bring down drug prices for beneficiaries and for taxpayers, and we are grateful that here in Oregon, Representative Buckley has taken leadership on this issue by sponsoring HJM 14. You will hear from others about the very real effect this will have on Oregonians, and about the money bringing down these prices will ultimately save the state government. With the savings garnered from lower drug prices, we'll be able to sustain and grow the investments that make Oregon healthy and productive.

Finally, I would ask you to remember this: these are more than just dollars-and-cents decisions. Passage of HJM 14 will send this message to our representatives in Washington DC: that here in Oregon, we understand that the choices we make reflect the people we think matter. That we believe in taking care of the most vulnerable among us. And that there should be hope, opportunity and a place at the table for everyone. Thank you for your time.

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