



PHARMACEUTICAL CARE MANAGEMENT ASSOCIATION

March 16, 2015

The Honorable Mitch Greenlick
House Health Care Committee
Oregon State Capitol
900 Court Street NE
Salem, OR 97301

Re: Opposition to House Bill 2951

Dear Chair Greenlick:

The Pharmaceutical Care Management Association (PCMA) is writing the following letter to express our opposition to H.B. 2951 because this legislation would increase health care costs for all Oregon residents while only financially benefiting brand drug manufacturers. PCMA is the national association representing America's pharmacy benefit managers (PBMs), which administer prescription drug plans for more than 216 million Americans with health coverage provided through Fortune 500 employers, health insurance plans, labor unions, and Medicare Part D.

H.B. 2951 would allow the state to dictate the terms of drug coverage by controlling the price at which patients may obtain their prescription drugs. This cap, at \$100 for a 30-day supply of any single drug would increase insurance costs for all Oregon residents who will have to shoulder the additional cost burden in their premiums. There are often many drugs in a particular class or category of medicines, and signaling the cost of specific drugs through patient cost-sharing is an essential tool to keeping medicines affordable. Brand drug companies are pushing this legislation to undermine the use of copays that encourage the use of lower cost generic medications. Without copayments, consumers would have no incentive to select generic medicines and would instead use the more expensive branded drug. **This new mandate would help brand drug companies, but would hurt employers, consumers, and taxpayers by forcing them to pay more in health premiums and overall health care costs.** In a recent analysis of similar legislation, the Kentucky Department of Insurance estimates that it will add approximately \$13.4 million to private market insurance premiums annually.

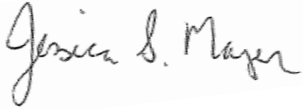
A significant and costly by-product of imposing price controls on consumers' out-of-pocket spending will be an increase in already unreasonable drug prices set by drug manufacturers. The skyrocketing cost of specialty drugs are representative of the unchecked, upward growth of drug prices that will result from legislation such as H.B. 2951. By capping patient out-of-pocket expenses, doctors and patients will inevitably choose more expensive brand drugs over lower cost generics, continuing to feed the cycle of price increases. H.B. 2951 would also prohibit all drugs in a class from being placed on a specific cost tier, even if there is only one drug in a class and regardless of its price. This will effectively increase profits for brand manufacturers, encourage the manufacturers to continue to constantly escalate prices for these drugs, and, in turn, increase the cost of prescription drugs and health coverage in general for anyone who has health insurance.

PBMs help their employer and health plan clients promote lower cost generic drugs and clinically effective, lower-cost alternative brand-name medicines through formulary management and utilization tools, such as prior authorization and step therapy. H.B. 2951's imposition of price controls on out-of-pocket spending will essentially eliminate the ability of payers to effectively use these tools and minimize prescription drug costs for Oregon employers and consumers. While employers, state

government plans, and other payers are looking for cutting-edge ways to minimize health care costs, this legislation will only increase costs for patients and payers alike while benefiting brand drug companies.

For the above reasons, PCMA opposes H.B. 2951. Please let us know if we can provide any additional information. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Jessica S. Mazer". The signature is written in black ink on a light-colored background.

Jessica S. Mazer, Esq.
Assistant Vice President, State Affairs

c: Members of the House Health Care Committee