



March 2, 2017

The Honorable Peter Courtney
900 Court St. NE, S-201
Salem, Oregon 97301

The Honorable Tina Kotek
900 Court St. NE, Rm. 269
Salem, Oregon 97301

Dear President Courtney and Speaker Kotek:

We, the undersigned board members of the Oregon Bioscience Association, strongly urge your opposition to House Bill 2387.

Since 1986, universities, public officials, educators and bioscience leaders have worked hard to build a bioscience industry here at home that would drive innovation and drive the Oregon economy.

Thirty-one years later, the Oregon bioscience industry is a remarkable success story. We are recruiting and growing companies and researchers who are leading the fight against cancer, HIV/AIDs and a host of other diseases. We strive to build upon the close ties we have developed with the local incubators, accelerators and research institutions that are integral to the development of new cures and treatments. In addition to those investments, we continue to be involved with the development of the OHSU Knight Cancer Institute and the University of Oregon's soon-to-launch Phil and Penny Knight Campus for Accelerating Scientific Impact.

Our member companies have developed collaborative partnerships that further research goals and have devoted significant capital to first build and then fund these unique institutions and their amazing work.

Our contribution to Oregon's economy is also significant. We support 46,049 family/professional wage jobs and generate \$10.3 billion in positive economic impact. Our industry includes 793 establishments and creates almost \$1 billion in wages with an average wage approximately 50% greater than the statewide average wage for private sector employment. We are an important part of the Oregon economy and our members are under threat from HB 2387.

Proponents of HB 2387 like to paint manufactures with a broad brush, however, it is important to note that the innovation engine here in Oregon and across the country are small bioscience companies with only one or two products. Regardless of the size of the company, developing a new drug can take more than ten years and cost over \$1 billion when accounting for the cost of failures. Some companies are better able to absorb those losses and risks than others. For Oregon, HB 2387 represents a direct threat to our industry, the future of Oregon medical innovation as well as this important and growing Oregon economic sector.

Our areas of concern with HB 2387 are many but the following points are particularly worrisome for the future of Oregon medical innovation:

- Section 1 of HB 2387 sets arbitrary price caps and requires manufacturers to remit revenue exceeding those caps to health insurance providers. Section 1 also requires manufacturers to provide 60-day advance notice for any price increase exceeding 3.4%. **Setting price caps will significantly reduce the return on investment for firms introducing new treatments and cures endangering Oregon's small firms' ability to secure investment in life-saving research, clinical trials, and workforce expansion.**
- Section 3 of HB 2387 requires manufacturers to report all research costs, manufacturing costs, marketing budgets, costs of clinical trials, costs of ongoing safety and effectiveness research, and projected profit margins and 10-year return on investment for the drug. **Imposing vague, yet complex reporting and compliance requirements for companies selling drugs in Oregon will particularly burden small, innovative companies that will be forced to divert research and development resources to administrative support.**
- Section 4 of HB 2387 exposes biotech companies to civil penalties for failure to comply with the detailed disclosure requirements required in Section 3. **Exposing companies to civil liabilities from state agencies will further divert resources from the development of innovative new cures and harm small businesses.**

It is also worth noting that HB 2387 fails to consider the enormous value to individual patients and society as a whole that can come from new treatments – value and hope that can't be captured in a simple line item cost. For example, the increase in life expectancy seen since 1980

for cancer patients is due to, in large part, innovative new medicines.¹ Similarly, HIV/AIDS death rates have fallen by almost 80% since 1995, spurred by critical advancements in available medicines.² Spending on innovative medicines can actually help decrease overall healthcare spending, noted the nonpartisan Congressional Budget Organization in 2012 (e.g., by decreasing the number of hospitalizations and physician office visits needed).³ In the example of cardiovascular disease, research has found that an additional \$1 spent on medicines for adherent patients can save up to \$10 in avoided emergency room visits and inpatient hospitalizations.⁴

The Oregon Bioscience Association is committed to supporting legislation that leads to better patient outcomes; furthers future innovation and development; and increases patient access to lifesaving cures and treatments. HB 2387 fails to clear the bar and will hamper our ability to continue to lead on the innovation front. Please stop HB 2387 now.

Sincerely,

These Oregon Bioscience Association Board Members

Denise McCarty, Oregon Bioscience Assoc.

Ryan Dunlap, MolecularMD

Jennifer Stoll, Allergan

Joseph P. Sullivan, delap

Tim Layton, Genentech

Bill Carroll, RS Medical and Meagan Medical, Inc.

Mike Phillips, Davis Wright Tremaine

Matt Smits, Biotronik

Nancy Lime, Yecuris

cc: The Honorable Ginny Burdick
The Honorable Jennifer Williamson
Senate Committee on Health Care Members
House Committee on Health Care Members

¹ See E. Sun, et al., "The Determinants of Recent Gains in Cancer Survival: An Analysis of the Surveillance, Epidemiology, and End Results (SEER) Database," *Journal of Clinical Oncology*, May 2008 Suppl (Abstract 6616); also see F. Lichtenberg, "The Expanding Pharmaceutical Arsenal in the War on Cancer," *NBER Working Paper 10328*, February, 2004.

² Center for Disease Control and Prevention, National Center for Health Statistics, Health, United States, 2011 with Special Feature on Socioeconomic Status and Health, Table 35, pp.148-149, available at: [https://www.cdc.gov/nchs/data/11.pdf](https://www.cdc.gov/nchs/data/hus/11.pdf).

³ Congressional Budget Office (2012). Offsetting effects of prescription drug use on Medicare's spending for medical services. *Congressional Budget Office Report*, Retrieved at <http://www.cbo.gov/sites/default/files/cbofiles/attachments/43741-MedicalOffsets-11-29-12.pdf>.

⁴ Roebuck, M. C., et. al. 2011. Medication Adherence Leads To Lower Health Care Use And Costs Despite Increased Drug Spending. *Health Affairs* 30(1):91-99.