

March 1, 2017

The Honorable Chuck Riley
900 Court St. NE, S-303
Salem, Oregon 97301

The Honorable Janeen Sollman
900 Court St. NE, H-487
Salem, Oregon 97301

Dear Senator Riley and Representative Sollman:

Genentech respectfully requests your opposition to House Bill 2387.

As a large employer we understand the need to manage health care costs, which we agree includes the costs of pharmaceuticals. However, HB 2387 only goes after one aspect of the health care cost drivers, pharmaceuticals, and does so in an untenable way by indiscriminately placing a type of price cap on what Oregonians will pay for drugs and sending the savings back to the patient's health insurer.

We find it troubling that such an aggressively anti-pharmaceutical and anti-innovation bill would be introduced in Oregon. This is especially puzzling at time when we have such exciting things happening in our Oregon-based life science and biotech sector, numerous small business successes coming out of our state-funded OTRADI life sciences incubator, and the tremendous promise in the areas of cancer innovation and research at OHSU through the state's and the Knight's \$1 billion commitment to this research.

In 2006, Genentech selected Hillsboro to site its \$400 million dollar state-of-the-art fill/finish facility and warehousing and distribution center for its biological products because of its skilled workforce, advantageous business environment and a favorable tax climate as a single-sales factor state. In 2015, we renewed our commitment to Oregon with an additional investment of more than \$125 million for the expansion of our facility in Hillsboro.

We see ourselves, and our now over 400 employees (with an additional 100 contracted positions), as partners with the Hillsboro community and the state of Oregon. Genentech and its Hillsboro employees support and participate in a wide variety of non-profit and local initiatives each year. For example, in 2016 the Hillsboro facility gave \$168,000 in local giving, another \$100,000 to the Oregon Museum of Science & Industry's Traveling Program as part of our 40th Anniversary celebration as a company, and another \$12,500 to the Oregon Children's Cancer Association annual Block Out Cancer event in close collaboration with the Portland Trail Blazers.

However, in recent years legislation targeting large corporate employers like ourselves, as well as our industry, seems excessive and counterproductive. Again, we see ourselves as partners with you to help work through the tough challenges facing the state – the state budget shortfall, desperately needed transportation and infrastructure improvements, adequate school funding, workforce training, etc. We are doing our part by investing in Oregon and adding well paying jobs. However, bills like HB 2387, proposed tax bills modifying single sales factor or unreasonable tax haven legislation only cause us to wonder about the strength of our partnership and the value of our input.

We assure you, our door is always open and we are more than willing to discuss our concerns in greater detail or answer any questions you may have about how we do business. We are a science company having spent over \$10 billion on research and development of new medicines in 2016 alone, an amount exceeding any other health care company.

We outline additional concerns we have with HB 2387 below.

On behalf of our company and the hundreds of Oregonians we employ, I urge you to oppose HB 2387 and work to develop policies that reduce overall healthcare costs while protecting medical innovation.

Sincerely,



Larry Sanders
VP/GM Hillsboro Technical Operations
Genentech, a member of the Roche Group

cc: The Honorable Peter Courtney
The Honorable Tina Kotek
The Honorable Ginny Burdick
The Honorable Jennifer Williamson
The Honorable Mark Hass
The Honorable Jeff Barker
The Honorable Susan McLain
Senate Committee on Health Care Members
House Committee on Health Care Members

- HB 2387 ignores the broader causes of rising healthcare expenditures and does not take into account the tremendous value innovative therapies provide to patients, the healthcare system, and society overall.
- Drug prices are the result of complex combination of market forces, including robust negotiations between manufacturers, wholesalers, payers and pharmacy benefit managers (PBMs). The types of disclosure requirements this bill contemplates can interfere with the market environment for these price negotiations, resulting in harm to patients and actually serving to drive up overall healthcare costs. These data points also ignore discounts, rebates, and patient assistance programs that are used to reduce the true cost of a drug from the listed retail price, providing inaccurate and misleading information.
- HB 2387 does not address patient out-of-pocket costs, wouldn't result in information that is relevant to patients and their doctors in making healthcare decisions, and could even hamper incentives for future innovation in treatments and cures.