



PacificSource Health Plans Supports HB 2387

Chair Greenlick, Vice Chairs Nosse and Hayden, and members of the House Committee on Healthcare, thank you for the opportunity to provide comments in response to HB 2387. PacificSource is an independent, not-for-profit health plan based in Oregon and serving nearly 215,000 Oregon members. We serve commercial, Medicaid, and Medicare lives and are the contracted Coordinated Care Organization (CCO) in Central Oregon and the Columbia River Gorge. Our mission is to provide better health, better care, and better cost to the people and communities we serve.

We extend our thanks to Rep. Nosse for his tireless leadership and to Reps. Lively and Kennemer, for their committed participation on the interim Prescription Drug Cost/Pricing Workgroup.

At the onset, we recall Chair Greenlick urging workgroup stakeholders to think outside the box and pursue innovative solutions. Rep. Nosse further articulated his expectations that proposed solutions should achieve the following outcomes: a) bring relief to consumers, b) minimize the impact to health insurance premiums, and c) slow the cost of prescriptions drugs. HB 2387 as amended strikes this balance by requiring that both manufacturers and insurers be a part of the solution while lending additional protection to consumers. We believe the concepts in this bill are both innovative and workable, presenting another opportunity for Oregon to be a national leader in healthcare reform.

We've attached a visual that describes the impact of prescription drug costs to our company and the members we serve. The data clearly indicates these trends are unsustainable and that all parts of the healthcare system must work together to be a part of a comprehensive solution built on transparency, affordability, and accountability.

We encourage the committee's unanimous endorsement of HB 2387.

Please feel free to contact me with any questions,

A handwritten signature in cursive script that reads "Marian Blankenship".

Marian Blankenship
VP Government and Community Relations, PacificSource
Marian.blankenship@pacificsource.com

Impact of Prescription Drug Prices on PacificSource

Founded in Oregon in 1933, PacificSource is an independent, not-for-profit health plan providing healthcare coverage for commercial, Medicaid, and Medicare members across the Northwest.

Runaway prescription drug costs threaten our ability to fulfill our mission of providing better health, better care, and better cost to the people and communities we serve.

The biggest driver of health insurance premiums is the cost of medical care.

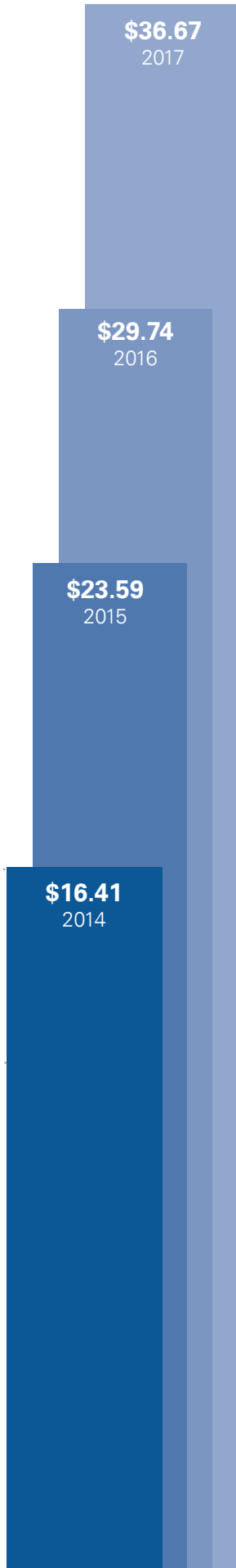
In addition to utilization, we evaluate trends in medical inflation and the cost of new treatments and technologies in order to accurately project future costs. Nationally and in Oregon, medical inflation continues to outpace the cost of other goods and services.

Gross Specialty Drug Cost Per Member Per Month Projection

In Summation

Until prescription drug costs are stabilized, insurance carriers throughout Oregon, and the nation, will be forced to raise rates and/or reduce service offerings.

Data Sources: Graph: "Caremark Gross Specialty Drug Cost Per Member/Per Month Projection," exhibit from Caremark, provided in 2015. The exhibit is titled "Therapeutic Class Trend Projection Breakdown." The projection is calibrated on PacificSource commercial claims from January 1, 2012 to June 30, 2015.



From 2014-2015, the total price for all prescription drugs increased 21 percent in PacificSource's commercial line of business.

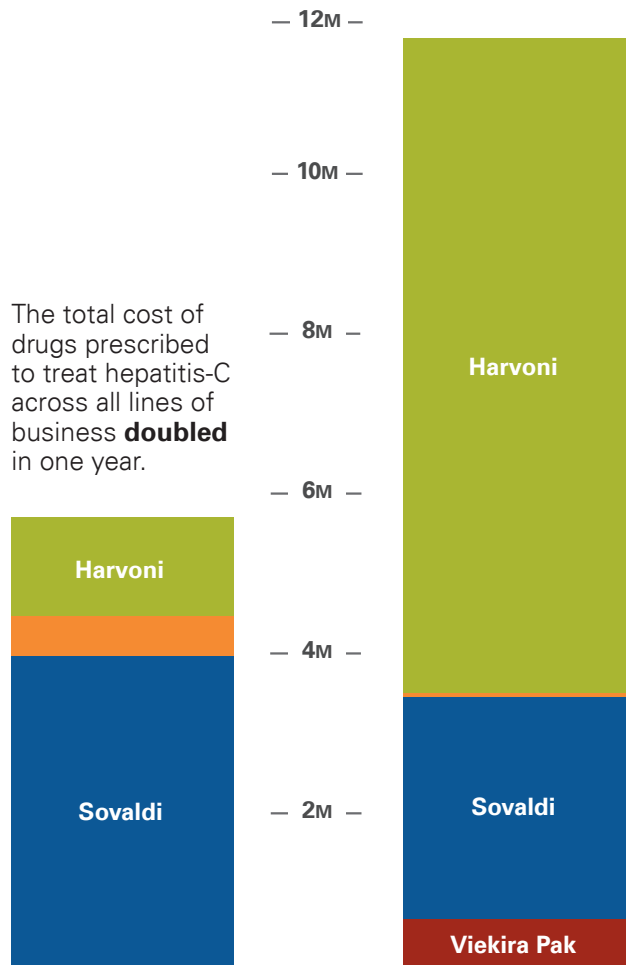


PacificSource absorbed double digit drug price increases each year from 2012-2015.



Approximately one percent of PacificSource members use specialty drugs, yet these drugs represent nearly 43 percent of the total prescription drug spend.

The total cost for specialty drugs increased 45 percent within commercial lines.



The total cost of drugs prescribed to treat hepatitis-C across all lines of business **doubled** in one year.