

# Oregon Central Coast



## Support Education Advocacy for the LGBT Community

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March 1, 2017

The Honorable Arnie Roblan  
900 Court St. NE, S-417  
Salem, Oregon 97301

The Honorable David Gomberg  
900 Court St. NE, H-481  
Salem, Oregon 97301

Dear Senator Roblan and Representative Gomberg:

Oregon Central Coast Parents, Friends and Families of Lesbians and Gays is very concerned about HB 2387 and its potential negative impacts on ongoing medical innovation here in Oregon.

PFLAG is a national organization whose purpose is to provide support, education, and advocacy for families and friends of people with diverse sexual orientation and gender identities. Our Oregon Coast chapter was founded in 2008 and we have been supportive of policies that continue to advance medical innovation particularly on treatments and cures targeted at diseases that have impacted our community: HIV/AIDS and Hepatitis C.

While I am supportive of policies designed to lower health care costs for individuals, we cannot sacrifice the continued march towards better treatments and cures in pursuit of that outcome. As you know, OHSU is leading the charge towards an HIV vaccine and those efforts should be supported not slowed.

By reducing drug costs to individual data points, this bill fails to recognize or provide context for the complex issue of prescription drug costs, which are based not simply on manufacturers' costs but on market forces, broader assessments of value, and negotiations between manufacturers and payers with which these disclosures could interfere. In fact, HB 2387's focus on retail list prices wholly ignores the robust negotiated discounts, rebates, and patient assistance programs that exist, and as well as the key issue of patients' out-of-pocket costs that are dictated by insurance plans, not manufacturers.

The bills' focus on individual cost inputs also misses the tremendous value that new treatments offer, both to individual patients who might otherwise have no options and to the healthcare system and society as a whole. Innovative new treatments approved in recent years have turned HIV/AIDS into a manageable disease and virtually cured Hepatitis C. Even with these advances, studies show that drug costs have held steadily at roughly 10% of health care spending since 1960.<sup>1</sup> At the same time, 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).<sup>2</sup>

These tremendous advances don't simply happen – they're the result of risk, hard work, and dedication by talented researchers. When accounting for failures, developing a new drug can take 10-15 years and cost more than \$1 billion.<sup>3</sup> The requirements envisioned by these "transparency" bills, however, would result in burdensome new administrative costs, often mandating data that doesn't even exist. Small biotech companies would be forced to divert resources to reporting and compliance that might otherwise be spent on developing new treatments.

Again, I support measures to lower health care costs but we cannot chill Oregon medical innovation that could improve and save lives. I believe that we can do better and encourage you to craft legislation that takes a global approach to this problem in such a way that will improve patient outcomes without sacrificing innovation.

Sincerely,

*Jeanne St. John*

Jeanne St. John, Ph.D., Board Member  
PFLAG Oregon Central Coast

cc: The Honorable Peter Courtney  
The Honorable Tina Kotek  
The Honorable Ginny Burdick  
The Honorable Jennifer Williamson  
Senate Committee on Health Care Members  
House Committee on Health Care Membe

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<sup>1</sup> See CMS, 2016, *National Health Expenditure Data: Historical*, NHE Tables, Table 02 "National Health Expenditures; Aggregate and Per Capita Amounts, by Type of Expenditure.xls, Cells (B-U)4 and (B-U)16, available at: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical.html> (last accessed January 19, 2017).

<sup>2</sup> 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>.

<sup>3</sup> DiMasi, J., H. G. Grabowski, and R. W. Hansen. 2016. Innovation in the pharmaceutical industry: New estimates of R&D costs. *Journal of Health Economics* 47:20-33.