

Chair Greenlick, Vice Chair Hayden, Vice Chair Nosse, and committee members:

I am an Oregon economist and adjunct professor of economics at Portland State University. I have published a comprehensive [review](#) of the Oregon Health Plan and have been on a cross-country speaking tour highlighting the economics of the Affordable Care Act. I am writing to you in your role on the House Health Care Committee. **I am writing in opposition to HB 2387.**

To begin, I understand the desire to find a solution to the problem of high and rising pharmaceutical costs. While I'm fortunate to not have a chronic disease which would necessitate long-term prescription pharmaceutical use, I have friends and family who do and I anticipate a day in the not-to-distant future in which I will too. Obviously, we all want a world where treatment costs do not act as barriers to treatment.

There are proven market driven ways to reduce health care and pharmaceutical costs. HB 2387, however, does not use markets or increased competition to reduce costs. Instead, it looks to force a transfer of costs and profits from pharmaceutical companies directly to insurance companies.

I anticipate that any version of this bill, if passed, would be litigated immediately and vigorously. Because of the chaos created out of a long and costly lawsuit, the bill's passage may have the effect of making the health care market even more distorted and uncertain for patients and consumers.

Even if the law survives legal challenge, the unique methodology for setting price caps is convoluted and opaque. The Organization for Economic Co-operation and Development [reports](#) that Iceland and Switzerland have some of the highest drug prices in the OECD—higher than the U.S. At the same time, Turkey has some of the lowest drug prices in the OECD.

It seems odd and outrageous that the market price for drugs in Oregon would be determined by the demand, supply, and regulatory conditions of countries that differ so much from our small state. As far as I know, no other state does anything like this. Nor does Medicare or Medicaid—areas and programs where I have done substantial research.

Finally, I am deeply concerned about a state law which forces one private entity to compensate another private entity. It's one thing for this to happen via contract, or a judicial case ruling where one side is being compensated for specific damages or cause. But to force transfers of monies from one entity to another through law but without contractual agreement between the two parties seems to be a new form of state mandated private takings, and very well may be unconstitutional under both the U.S. and state constitutions.

I appreciate the work you and your fellow legislators do, and I know you work diligently to serve the best interests of Oregonians. HB 2387 in its current form is not in the best interests of Oregonians and I ask you to oppose it.

Respectfully submitted,

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