

Chair Greenlick and members of the Health Care Committee,

I **oppose** HB 4005 because **it gives pharmaceutical manufacturers the green light to double already unaffordable drug prices approximately every 7 years^[1] without scrutiny**. That's what happens when drug prices are allowed to increase 10% per year.

Now consider a 10% co-pay on a drug that is currently \$100,000/year and \$200,000/year in 2025. Neither the government nor a patient can afford this kind of price gouging.

HB 4005 is a **grossly weakened version of last year's SB 793**. The transparency requirements of that bill would have kicked in for price increases greater than 3.4%. That rate was reasonable since CCOs are expected to keep the Medicaid cost growth trend at 3.4%. Furthermore, the cost-of-living adjustment (COLA) for Social Security and Supplemental Security Income is only 2%.^[2]

While this bill may be lauded for its bipartisan support, it has surely been compromised because of money in politics.^[3] Last year, Pharmaceutical Research & Manufacturers of America was the #7 lobbyist, spending \$302,758.55 in Oregon. Drug companies may feign horror if HB 4005 is passed, claiming this kind of transparency will create price caps and stunt research and development. But that could be further from the truth.

Last year, California passed SB 17,^[4] the first law in the nation to create transparency thresholds. These kick in when drug prices are raised more than 16% over a two-year period.^[5] As such, California drug prices will be able to double "only" every 9 years. Threatened by the passage of that bill, Allergan voluntarily pledged one annual price increase under 10 percent on branded prescription medicines. In other words, California's model legislation needed to be tweaked up 4% per biennium for Oregon's bill to be acceptable to Allergan.

Last year in Oregon, One in Four Chronic Health^[6] ("a patient advocacy coalition serving people in Oregon and Washington") opposed Oregon's far superior SB 793. BJ Cavnor, the Executive Director, wrote the bill didn't hold "hidden costs to consumers, including acquisition and contracted rates between Pharmacy Benefit Managers (PBM's), drug wholesalers and health insurance plans)" to the same level of scrutiny.

This criticism holds true for HB 4005.

Indeed, this was the same criticism^[7] of the California bill. Priscilla VanderVeer, spokesperson for the Pharmaceutical Research and Manufacturers of America said, "There is no evidence that SB 17 will lower drug costs for patients because it does not shed light on the large rebates and discounts insurance companies and pharmacy benefit managers are receiving that are not always being passed on to patients."

ONE IN FOUR CHRONIC HEALTH registered in Oregon as a domestic nonprofit^[8] 10/27/2015, though Mr. Cavnor's linked-in profile^[9] shows him to have worked for the company since 2013. There are no 990s filed at Guidestar for this organization.^[10] The President of ONE

IN FOUR CHRONIC HEALTH, Dianne Danowski Smith, is on the Oregon Bioscience Association Board of Directors.^[11]

The Oregon Bioscience Association (with MolecularMD, Allergan, Genentech, RS Medical and Biotronik) also opposed this bill,^[12] citing far different reasons, including this outrageous claim: *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.*

In other words, One In Four Chronic Health may (un)wittingly be a front group for biotech companies.

To improve on California's bill, amend the transparency threshold to what it was in last year's bill: 3.4%.

Kris Alman MD

^[1] <http://moneychimp.com/features/rule72.htm> The rule of 72 says that to find the number of years required to double your money at a given interest rate, you just divide the interest rate into 72.

^[2] <https://www.ssa.gov/news/cola/>

^[3] PHARMACEUTICALS & HEALTH PRODUCTS contributed \$1,156,804 in the last election cycle <https://www.followthemoney.org/tools/election-overview/?s=OR&y=2016>

^[4] https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB17

^[5] <https://www.reuters.com/article/us-usa-healthcare-drugpricing/california-governor-signs-drug-pricing-transparency-law-idUSKBN1CE28W>

^[6] <https://www.1in4health.org/>;

https://www.facebook.com/pg/1in4chronichealth/about/?tab=page_info

^[7] <https://www.npr.org/sections/health-shots/2017/10/10/556896668/california-governor-signs-law-to-make-drug-pricing-more-transparent>

^[8]

http://egov.sos.state.or.us/br/pkg_web_name_srch_inq.show_det?p_be_rsn=1793869&p_srce=B_R_INQ&p_print=FALSE

^[9] <https://www.linkedin.com/in/bj-cavnor-97245854>; previously public policy coordinator for the Cascade AIDS Project in Portland, Ore.

<http://www.preventionjustice.org/>

^[10] <https://www.guidestar.org/profile/47-5427124>

^[11] <https://www.oregonbio.org/about/board-of-directors/>

^[12] <https://olis.leg.state.or.us/liz/2017R1/Downloads/CommitteeMeetingDocument/102684>

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