

Marshall L. Wilde
Lane County Medical Society
990 W. 7th Avenue
Eugene, OR 97405

Oregon State House Committee on Health Care
Via e-mail to: hhc.exhibits@oregonlegislature.gov

February 5, 2018

Chair Greenlick, Vice Chairs Hayden and Nosse, and Distinguished Members of the House Committee on Health Care:

I write today on behalf of the Lane County Medical Society in support of House Bill 4005. Prescription drugs are a rare example of the government grant of a monopoly on a product without an accompanying price control. Products either compete without government protection on an open market, or receive the grant of a monopoly with accompanying price regulation. Free markets only work when the buyer has a choice about the purchase, something notably absent when a patient must pay for a drug or suffer illness or death. Competition, another element of a free market, is eliminated by the grant of a government monopoly. We should not pretend that the government can simply “get out of the way” of the free market here. The federal government-granted monopoly of a patent stands foursquare in the middle of such an approach.

For profit companies, no matter how personally altruistic their officers may be, must maximize profits for their shareholders. Preferences vary as to the right way to address prices, whether it is price controls, improving competition, buying pools, or shaming profiteering. However, few of them will work without better data about drug pricing. It is time to require an element of transparency from pharmaceutical companies about price increases. As stated in other testimony, HB 4005 will not solve the problem in itself, but it will take a step in the right direction.

Pharmaceutical companies are not suffering. The annualized return on the S&P Pharmaceuticals Select Industry Index is 12.2% annually averaged over the last 10 years. The iShares US Pharmaceuticals ETF averaged an annual 12.75% return over the same period. HB 4005 takes an important step in discovering what role price hikes play in these unusually high profits.

Lane County’s physicians want their patients to come before profits. When I went to my board last year with investments recommendations for our reserves, they had two concerns about two sectors – tobacco and pharmaceuticals. I hope you will join them in putting people first and pass HB 4005.

Sincerely,



Marshall L. Wilde
Executive Director