

February 5, 2018

The Honorable Peter Courtney
900 Court St. NE, S-201
Salem, Oregon 97301

The Honorable Tina Kotek
900 Court St. NE, Rm. 269
Salem, Oregon 97301

Dear President Courtney and Speaker Kotek:

Please oppose HB 4005, the flawed mandated reporting legislation that will interfere with our efforts to research, discover, and develop innovations that will have demonstrable benefits for patients in Oregon and beyond.

This bill's proposal would waste company and taxpayer dollars by putting in place a bureaucracy of financial reporting that will have no meaningful use or purpose, and will provide no benefits to patients or taxpayers. As the CFO of a Portland biotech company, and a CPA licensed in Oregon who's built a career around financial reporting, I'd like to point out the following basic and fatal flaws in the proposed requirements of this bill:


- The proposed reporting requirements omit many relevant factors that would be required to evaluate a company's return on investment, such as risk, reinvestment in research and development, other failed clinical trials, and value of new breakthrough therapies. Nobody will be qualified or able to draw any meaningful conclusions from the reporting proposed in this bill.
- The requirements are not tied to a clear financial reporting framework, leading to a wide diversity in reporting practice which will eliminate comparability, rendering the information useless and difficult, if not impossible, to audit.
- For larger pharmaceutical companies, generally publicly held, the SEC already requires quarterly financial reporting based on a robust set of guidelines and principals that provides the public everything needed to evaluate the company's cost, risks and returns, with proper context and disclosure.
- Smaller private companies, like most who call our state home, simply lack the resources needed comply and would be prohibitively and disproportionately burdened by the bill, creating competitive disadvantages to company's in Oregon.

- The bill singles out manufacturers, with insufficient attention to the other supply chain participants, such as insurers, distributors and PBMs, who control barriers to entry and limit competitive forces that would normally naturally control prices through healthy competition.

Overall, the reporting proposed will be expensive both for companies required to comply, and for our State to collect and administer, with no clear purpose or use. The notion that drug prices can be controlled by singling out an entire industry and implementing a political 'culture of shame' is a flawed paradigm, and will do nothing but hinder our states progress in growing our innovation economy, invite confusion, foster litigation, and compel manufacturers to avoid Oregon, both with respect to investment and patient access, without any benefit to patients or taxpayers as a trade-off.

On behalf of my company and our employees, I strongly urge you to reject HB 4005.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan M. Dunlap".

Ryan M. Dunlap, CPA
Senior Vice President, Chief Financial Officer
Chairman of the Board, Oregon Bioscience Association

cc:

The Honorable Ginny Burdick
The Honorable Jackie Winters
The Honorable Mike McLane
The Honorable Jennifer Williamson
Joint Ways and Means Committee Members
House Health Care Committee Members
Senate Health Care Committee Members