

February 5, 2018

Oregon State Legislature
House Committee on Health Care
900 Court St. NE
Salem Oregon 97301

Re: House Bill 4005 – Prescription Drug Price Transparency

Chair Mitch Greenlick and Members of the House Health Care Committee:

The Oregon Association of Hospitals and Health Systems (OAHHS) appreciates the opportunity to share with the committee our support of prescription drug price transparency for manufacturers. OAHHS, representing Oregon's 62 acute care hospitals, supports the intent of HB 4005 to require pharmaceutical companies to be transparent about drug price increases and their justifications.

While it is presumed that hospital pharmacies are not manufacturers by definition they are under this definition. The exception of a health care entity does not cover a hospital pharmacy who supplies prescriptions to persons who are not at present patients and therefore would fall under the requirements of this legislation. OAHHS has the following language to recommend to the committee for consideration.

Editing Section 2(d)(B)(v) to read "By a health care facility for dispensing to a patient or other person."

While hospitals' primary concern in this area is the effects of large increases in prescription drug costs on patients, hospitals themselves are also harmed by cost inflation. Hospitals are some of the largest purchasers of prescription drugs and are therefore sensitive to price increases. Putting aside headline-grabbing price increases, hospitals report that even annual price increases of 10 or 20 percent on widely used older generic drugs have a significant effect on hospital finances, given the large quantities that a hospital must purchase. While HB 4005 will not fix all of the problems that hospitals and our patients face with regard to prescription drug price increases, it is a welcome first step.

It bears mentioning that Oregon hospitals are subject to nationally-leading price transparency requirements through an annual state price report for common inpatient and outpatient procedures. This data is made available to consumers via a state report and at the website address OregonHospitalGuide.org. We support this transparency because of the tools that provides patients and their care teams in making informed decisions.

Prescription drugs are integral to the care hospitals provide to patients. The ability for those patients to adhere to post-discharge drug regimens is vital to preventing unnecessary readmissions. Oregon hospitals see firsthand the effect increases in prescription drug prices can have on patients and their families. With a collective goal of achieving the triple aim of better health, better care and lower costs, hospitals believe that ensuring access to needed prescription



drugs is an important public policy goal. Shining the light of transparency on barriers to that access will help move our health care system forward.

With HB 4005, hospitals support joining states across the country who are taking a stand for transparency in drug pricing. We urge your support of this important legislation.

Respectfully,

Andi Easton
Associate Vice President of Government Affairs and Advocacy
Oregon Association of Hospital and Health Systems