

February 5, 2018

The Honorable Mitch Greenlick, Chairman
House Committee on Health Care
Oregon House
900 Court St NE, H-472
Salem, OR 97301

Re: House Bill 4005 - Support

Dear Representative Greenlick,

Moda Health applauds the effort by the House Committee on Health Care to remove the cloud of mystery surrounding prescription drug prices. This letter is offered in support of House Bill 4005.

Moda Health is a Northwest-based health insurer providing dental, medical and pharmacy insurance and administrative services in Oregon, Washington and Alaska. Moda Health takes pride in the diversified range of clinical and pharmacy cost management services and strategies we deploy on behalf of the more than 1.2 million individuals in the Pacific Northwest for whom we provide prescription drug coverage. We are the administrator for Oregon's Prescription Drug Program (OPDP), which includes over 200,000 members enrolled in the Oregon Educators Benefits Board (OEBB), Public Employee Benefits Board (PEBB), SAIF, Eastern Oregon Coordinated Care Organization, and other self-insured and government programs statewide, as well as over 300,000 under- and uninsured residents who benefit from the preferential drug prices that the OPDP discount card has made possible. Moda Health is committed to fulfilling the mission of this program to ensure pharmacy benefit transparency for all who participate in it.

Government, pharmaceutical companies, insurance companies and others have a shared responsibility to ensure Oregonians have access to the highest quality healthcare at affordable prices. Each of us plays a vital role in its success. The impact of escalating and uncontrollable prescription drug costs is a concern we should all embrace as it challenges the stability of healthcare in our great state as well as our ability to fund basic services necessary for the broader health and safety of our communities.

HB 4005 is a first step towards leveling the playing field and providing a line of sight into the formation of drug prices during their launch and throughout the market life of each medication.

HB 4005 is the result of a constant drumbeat of drug price increases that is undermining the ability for Oregonians to have continued access to affordable health care. Recent reports have described how many price increases for drugs appear to have little relation to improvements in the effectiveness of a drug or to the cost of research and development. Many price increases, such as Mylan's steady upward price trend for Epipen that was in the news last year, were seemingly arbitrary. Others, such as insulin drugs, have revealed a pattern by manufacturers of raising prices in lock-step. A recent U.S. Senate Finance Committee report found that the launch price of the drug Sovaldi from Gilead, used to treat Hepatitis C, was set to maximize revenue and ensure an even higher launch price for the company's second Hepatitis C drug, Harvoni, which was in the U.S. Food and Drug Administration drug pipeline. By requiring that manufacturers regularly disclose the rationale for their price increases, Oregonians benefit.

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HB 4005 requires drug and insurance companies to be transparent about drug prices and their effect on premiums. Drug manufacturers will have to report to the state whenever they want to raise the price of a drug 10% or more a year, or when they bring a new high priced drug to market. Profit margins, research and development costs, advertising and marketing, how much the drug costs in other countries, the investment they are making to help consumers gain affordable access to the medication, and whether there are more affordable generic drug options would be reported to the Department of Business and Consumer Services (DBCS). Insurance companies will be required to report on the top 25 most expensive drugs and the effect of those drugs on premiums.

Under HB 4005, DBCS would hold annual public hearings about the high price of prescription drugs and develop recommendations for the legislature about tools the state may consider to help stem rising drug prices. By requiring these sources of information, the public will benefit from the increased transparency that will be achieved.

Drug manufacturers should be held to the same level of transparency as other stakeholders in our healthcare system. Health insurers, hospitals and government programs like PEBB and OHP have some level of price transparency and accountability. HB 4005 will shed additional light on what is behind steep price increases on prescription drugs.

Our pharmaceutical industry leads the world in research and innovation. There is no doubt that Oregonians have benefitted from the availability of new blockbuster and targeted medications that have been created by this industry. The industry's inventions, especially for specialty medications, have helped raise the longevity and quality of life for so many people. But these medications are often made available at a substantial cost: they consume an ever larger portion of the total dollars that are being spent on healthcare. A recent study from The Commonwealth Fund found that in 2015, U.S. spending on pharmaceuticals exceeded \$1,000 per person and was 30 percent to 190 percent higher than in 9 other high income industrialized countries. As a leader in healthcare this is a fact that is unjustified.

Moda Health has a long history of working collaboratively with pharmaceutical industry partners to bring innovation and value to Oregonians. In a period of cost management and global budgets, making available information about the drivers of prescription drug price increases and the impact they have on health care premiums will help everyone to better understand these dynamics so that we can develop better strategies to ensure affordable access to healthcare. HB 4005 seeks to accomplish this.

For these reasons, Moda Health supports passage of HB 4005.

We appreciate the opportunity to comment on this bill. If you have any question, please do not hesitate to contact me at robert.judge@modahealth.com, or (503)265-2968.

Sincerely,



Robert Judge
Director of Pharmacy Services