

February 6, 2018

To: Representative Mitch Greenlick, Chair
House Committee on Health Care

Fr: Cynthia Laubacher, Senior Director, State Affairs

Re: HB 4156: Formularies

Thank you for the opportunity to provide testimony regarding House Bill 4156. Express Scripts is a pharmacy benefit manager whose Oregon-based clients include health plans, public agencies, labor trusts, and large employers covering over 196,000 Oregonians. We have the following concerns with this proposal.

Formulary management is a tool to alleviate the high cost of health care and provide access to life saving drugs. New specialty drugs continue to enter the market every day at astronomical prices. For example, Sovaldi, a treatment for Hepatitis C, came to market in 2014 at a cost of \$1,000 per pill. Formulary management of this drug alone saved Express Script clients \$1 billion in one year, and the entire health care system \$4 billion¹.

HB 4156 preserves profit and market share for pharmaceutical companies.

This bill would force health plans to cover expensive brand name drugs when less expensive alternatives become available during the plan year. By prohibiting mid-year changes to formularies, drug manufacturers are guaranteed their expensive brand name drug will enjoy ample market share and will have no incentive to lower their prices. HB 4156 will lead to increased profits for brand manufacturers, at the expense of patients and payers in Oregon. It enables the manufacturers to continue to escalate prices for these drugs, and, in turn, increase the cost of prescription drugs and health insurance premiums for all health care consumers.

Restricting formulary management destroys health plans' ability to negotiate for lower prices and restrains competition for the benefit of one player – the drug manufacturers

Pharmaceutical companies increase their prices at alarming rates. For example, Medicare data shows that between 2007 and 2014 price of one drug, Epipen, increased more than 1,000 percent and cost the program \$87.9 million dollars². HB 4156 incentivizes the continued pattern of price increases.

Under HB 4156, health insurers and PBMs would not be able to adjust quickly coverage as evidence of adverse patient outcomes becomes available. For example, Express Scripts stopped covering Vioxx well before the FDA acted on reports that the drug resulted in serious cardiac problems and even death.

Additionally, HB 4156 prohibits plans from moving more costly drugs to higher tiers when less expensive medications enter the market. For example, when Gilead brought the Hepatitis-C drug, Sovaldi, to the market, it was the only drug of its kind. Moreover, it had no competition. Thus, Gilead refused to discount the product. Months later, in the following year, Abbvie released Viekera Pak – at a significant discount to Express Scripts patients. Many of our clients choose to move Sovaldi to a higher tier and cover Viekera Pak at a significant discount. HB 4156 would prohibit plans from making such changes, therefore requiring them to continue to cover the higher cost drug. This provision alone will have a significant impact on our client’s ability to manage their prescription drug costs.

For these reasons, we oppose the passage of House Bill 4156 and respectfully request that it be held in committee. Thank you for considering our concerns.