



February 12, 2017

Chair Greenlick, members of the committee:

My name is Stacy Cowan. I am with SEIU. SEIU Local 503 is the union of nearly 65,000 Oregonians doing more than 500 different jobs in 85 state, local government and non-profit agencies, and in homes and care facilities. I am here to testify in support of HB 4151 and the -1 amendment.

In 2003, the Oregon Legislature authorized the formation of the Oregon Prescription Drug Program (OPDP), a prescription drug purchasing pool, to help increase access to prescription drugs by the uninsured and lower prescription drug costs for state agencies and local governments. OPDP unites Oregon's prescription drug purchasers to leverage the best prices on the most effective medicines by pooling prescription-drug purchasing power, developing a preferred-drug list of the most-effective drugs at the lowest cost, securing competitive discounts with pharmacies, and increasing transparency in the prescription-drug purchasing process. Participation in the OPDP is open to all state agencies, local governments, and special governmental bodies that directly or indirectly purchase prescription drugs.

In 2011, SEIU released a report called Moving Oregon Forward that looked at a variety of recommendations from frontline state workers to help address the budget shortfall. In that report, we recommended encouraging state agencies to use OPDP to reduce the level of cuts that many programs were facing at that time. We noted that when SAIF moved to OPDP in March 2008 the agency saved 14% on their prescription drug costs in the first year. Further analysis showed that there could be significant savings if all agencies that had previously opted out moved to OPDP.

A study of prescription drug costs at DOC, OYA, OEBC and PEBB showed that each of these entities could save a significant amount of money by participating in the OPDP. For example, PEBB expenditures on prescription drugs totaled \$81 million per year at the time. Of the total, \$67 million or approximately 80% came through Providence and the remaining \$14 million came through Kaiser. OPDP had projected that if PEBB were to join OPDP, the savings would conservatively be 8% per year. Applying an 8% savings to the annual spend of \$81 million yields savings of nearly \$6.5 million a year for PEBB. The estimated 8% savings factor is supported by the history in the state of Washington when

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Washington PEBB joined the Washington prescription drug purchasing pool the PEBB achieved an 8.1% savings in the first year.

An important part of the discussion that was not taken into account in our report is the issue of care management. PEBB has raised the idea of using OPDP over the years and has received some push back from insurers concerned with not having access to drug utilization data in real time and what that might mean for care management for things like chronic illnesses and disease.

HB 4151-1 will allow for an updated analysis to see where savings can be realized and identify any barriers that might exist. These are all important conversations as we look at ways to keep costs down. Thank you for the opportunity to testify. I am happy to answer any questions.