

AARP Oregon testimony on Prescription Drug Price Legislation – HB 2689, HB 2680, HB 2679, HB 2658, and HB 2690

February 19, 2019

TO: House Committee on Health Care, Rep. Greenlick, Chair

FROM: Jon Bartholomew, Government Relations Director, AARP Oregon

AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering Americans 50 and older to choose how they live as they age. With 510,000 members in Oregon, AARP works to strengthen communities and advocate for what matters most to families with a focus on health security, financial stability and personal fulfillment.

In the absence of federal action on this important issue, Oregon needs to blaze a trail to help our citizens afford lifesaving and life-improving medications that are out of reach of so many, whether or not they have insurance.

This is an issue that AARP knows is critically important to all Americans, but especially to the many people over 50 who depend on prescription drugs to keep them healthy and who've been devastated by the price increases we've seen in recent years.

- **Drug prices are out of control.** Prices of brand-name prescription drugs increased almost 130 times faster than inflation did in 2015 alone.
- **Advertising drives cost increases.** According to Kantar Media, the drug industry spent \$5.4 billion on ads in 2015. That's a 19 percent increase over 2014 alone.
- **Americans depend on their prescriptions.** A recent AARP survey found that 3 of 4 adults age 50+ regularly take at least one prescription medication, and over 8 in 10 take at least two drugs. More than half of seniors take four or more drugs.
- **High prices put an unfair burden on older Americans.** Data from 2015 shows the average annual cost for one brand name drug used on a chronic basis now exceeds \$5,800. For the average older American taking 4.5 prescription drugs per month, this translates into an average annual cost of therapy of \$26,000. This amount exceeds the median income of \$24,150 for Medicare beneficiaries.

- **High drug prices raise costs for everyone.** High drug costs increase health insurance premiums and cost sharing for all people with health coverage.
- **Taxpayers foot the bill.** Higher prescription drug spending also increases costs for programs such as Medicare and Medicaid; this translates into higher taxes, cuts to public programs or both.

AARP has long supported a wide variety of policies that will help reduce prescription drug prices, many of which would be addressed at the federal level. For example, we believe that the secretary of Health and Human Services should have the authority to negotiate lower drug prices on behalf of millions of Medicare beneficiaries. In addition, we believe that we should reduce barriers to global price competition by allowing for the safe importation of lower-priced drugs. There is no reason for Americans to continue paying the highest prescription drug prices in the world.

In regards to the proposed legislation that is in the committee today, AARP Oregon supports the following bills:

HB 2689 - Requires Oregon Health Authority to design and, with federal approval, implement program to import wholesale prescription drugs from Canada.

Our published public policy states that we support re-importation and importation of prescription drugs from licensed wholesalers and pharmacies operating in Canada. We also believe that strong safety standards must be implemented as any part of this system.

Americans pay the highest brand-name drug prices in the world. We should increase competition by allowing for the safe importation of less expensive but equally safe and effective drugs from abroad. Though not a complete solution to the problem of high drug costs, safe and legal importation will help put downward pressure on prices and enable consumers to secure additional savings. **AARP Oregon supports HB 2689.**

HB 2680 - Authorizes administrator of Oregon Prescription Drug Program to cooperate with Canadian provinces or territories in bulk purchase of prescription drugs.

HB 2679 - Directs administrator of Oregon Prescription Drug Program to cooperate with State of California in bulk purchase of prescription drugs.

AARP's policy on bulk purchasing is the following:

States should pursue both intra- and interstate prescription drug buying pool agreements that can reduce drug benefit costs for health plans and can provide price discounts to all residents who currently pay for their prescription drugs entirely out-of-pocket.

Therefore, **AARP Oregon supports HB 2679** as directly related to our established policy. House Bill 2680 is a combination of the policies on re-importation from Canada as well as our bulk purchasing policy, therefore **AARP Oregon also supports HB 2680.**

HB 2658 - Requires manufacturer of prescription drugs to report to Department of Consumer and Business Services planned increase in price of certain prescription drugs at least 60 days before date of increase.

AARP Oregon supports increased transparency in prescription drug pricing, and HB 2658 builds upon HB 4005 from the 2018 legislative session which increased transparency in drug pricing. It is reasonable to provide advance notice of significant price increases so that the market has time to react, which includes individual consumers. **AARP Oregon supports HB 2658**, but we would like to see an additional step that would require health insurers to provide a 60 day notice to their policy holders of pending increases in consumer out of pocket costs – such as change of tiers for a prescribed drug, or an increase in the co-insurance costs.

HB 2690 - Establishes right of consumer to be educated about ways to reduce cost of prescription drugs.

This legislation is a response to the fact that some pharmacists say they're prohibited from telling customers that the cash price of a prescription is cheaper than the copay their insurance requires because of gag clauses in the contracts pharmacies sign with pharmaceutical benefit managers, also known as PBMs. PBMs manage most prescription drug benefits for insurers, employers and some government programs, including Medicare Part D plans.

AARP strongly supports efforts to reduce out-of-pocket costs related to prescription drugs for older Americans. HB 2690 will help to reduce overpayments for prescriptions by allowing pharmacists to inform patients about all of the prices available to them when they purchase needed medications. While federal legislation has been signed into law in October 2018 related to this issue, **AARP Oregon supports HB 2690** to ensure that Oregon's consumers are protected even if changes are made at the federal level.

Why do we support these bills?

Our members consistently tell us they cannot afford the medications they need and are forced to make difficult choices as a result. Last year, in AARP's 2018 Mid-Term Voter Issues Survey, 92 percent of voters age 50 and older told us that candidates' positions on lowering drug costs was important to them, with 74 percent saying "very important."

And in a Kaiser 2018 Health Tracking Poll, prescription drug pricing topped the list of the public's priorities, with 90 percent calling it an important priority, and 52 percent listing it as a "top priority." In that poll, a large majority (80 percent) of the public perceive prescription drug costs as "unreasonable," an amount that has increased since 2015.

Many Oregonians are facing difficult decisions – often life changing – due to the high costs of prescription drugs. We asked some of our 500,000 members in Oregon to share stories with us about how the high cost of prescription drugs has impacted their lives. We received hundreds of responses in a short period of time, and below is a snapshot of some of what they had to say.

There are several key themes we found in their responses:

- 1) Costs are increasing, but their incomes are not.
- 2) Many people go without their medications or cut back as a result of the cost.
- 3) It doesn't matter if they have insurance or not, costs are going up either way.
- 4) Many people have to choose between medications or other needs like food, housing, and utilities.

"I am a diabetic and have to spend more than \$1500 on medical each month. Last year about \$500 and the year before about \$300." –Alan H., Medford

"My son has applied for food stamps to help offset the cost of his insulin. He has slept on the friends sofas, in the floor in the corner of my bedroom, and rotated between relatives in order to pay for insulin and diabetes supplies. As he once told his grandmother, he is the only young man he knows that needs to budget 50-75% of his take home pay just to stay alive - before he figures out how to pay for food, rent, and utilities." –Kimberley B., Beaverton

"I have had to split my pills in half in order to afford them." –Mark W., Corvallis

"I have been given prescriptions that are over \$350 a month which I cannot afford and still be able to live. We are on Medicare and Social Security with a small pension and are barely able to pay our bills." –Susan H., Redmond

"My co-pays used to average around \$250 to \$300. Now well over \$2000 per yr." –Harold L., Cannon Beach

"One prescription drug that is the only medication that works successfully is very expensive and my Medicare part D insurance does not cover it or the generic. Being on a fixed income and paying insurance premiums for years seems unfair that I can't get the medication I need. I pay for my needs to live rather than getting the prescription, in other words I do without." –Anne B., Eugene

"I have had to switch to cheaper, less effective alternatives and discontinue use of some medications due to their expense, resulting in a decrease in my overall health." Mike B., Gates.

"The only prescription drugs I take are QVAR and Proair LFA and thank goodness I don't have to take them all the time. They have at least doubled in price." –Norma N., Medford

"I am a twice breast cancer survivor and as result I have to receive the Prolia shot twice a year in order to keep me from getting osteoporosis due to the tough chemotherapy and radiation treatments I received 5 years ago. I am now cancer free and doing good but have to pay almost \$2,700 per Prolia shot twice a year, that's over \$5,400 for those shots in a year. They are so

high priced, too bad they couldn't become more affordable because there are a lot of women out there like me that need them every year.” –Paula C., Bend

“My insulin went from \$75 for a 90 day supply to over \$350 and I have 2 types so I'm roughly paying \$700 for insulin for 90 days. This is a big hardship, who has that kind of money? I'm also on 8 other medications and their costs have risen as well. With the high cost of food and having to be on a special diet, I really have a tight budget and sometimes I have to choose what to buy in the choice of prescription or food. No steaks here! (Heck, lucky if I can get ground beef)” – Mary C., Sandy

“I have had to change from newer "designer" drugs that worked better for my condition to the older less effective drugs. One of my drugs is very costly but works really well. I am now ordering this drug from a Canadian Pharmacy at a fraction of the cost I can get it from my US Pharmacy. I base my decisions on medications with my doctor not necessarily on the best drug for my condition but one that is affordable.” –Cathy J., Prineville

These are but a few of many responses we received from our members when we asked them how the cost of prescription medications has affected them. On behalf of them, and the over 500,000 AARP members in Oregon, we urge you to support HB 2689, HB 2680, HB 2679, HB 2658, and HB 2690.