

February 21, 2019

Representative Andrea Salinas, Chair
House Committee on Health Care
Oregon State Legislature

Re: HB 2961, HB 2753

Dear Chair Salinas and Committee Members:

OSPIRG (the Oregon State Public Interest Research Group) supports HB 2961 and HB 2753, which constitute small but important steps to bring down the high cost of prescription drugs for Oregonians and the state. As a consumer advocacy organization with 30,000 members and supporters throughout the state, we've seen firsthand the impact of rising drug costs on consumers. We urge the Committee to make this legislation, and the issue of rising drug costs, a top priority this Session.

For almost a decade, through our Health Insurance Rate Watch program, OSPIRG has been an independent voice for consumers in Oregon's uniquely transparent health insurance rate review process. While we have consistently pushed to cut wasteful spending and prevent unjustified rate increases, we've found that the high and rising cost of prescription medications is an intractable obstacle to keeping insurance premiums stable. In order to meet the state's larger goals of bringing down total health system costs and maintaining a stable insurance marketplace, the state must take concrete actions to control the rising cost of prescription drugs.

While we are supporting a full slate of policies to push for this goal, we would like to highlight two of the bills under consideration today, which represent small but important steps towards reducing spending on prescription drugs.

HB 2961 - Advertising Price Disclosure

As you saw last week in Jane Horvath's presentation to this Committee on February 12, drug pricing is incredibly complex and almost completely opaque. There has been a concerted effort by drug manufacturers to keep prices obscured from patients - and this opacity has helped create an environment where there is little incentive to keep the list price of drugs low. Instead, wholesale prices are driven to astronomical highs as part of manufacturer's negotiating strategy.

HB 2961 will help peel back one layer of secrecy on drug pricing for consumers. While the patient population that has to pay the entire list price out-of-pocket is relatively small, knowing the price of brand name medications makes all patients more aware of potential costs, and thus

better equipped to make informed decisions on their health care needs. Patients on pharmacy benefit plans with limited co-pay coverage pay the cash price for drugs before meeting their plan deductible, and even patients with more generous insurance benefits will face higher co-pays for more expensive drugs. It's far easier for a consumer to understand why a particular medication is in a higher tier and requires a higher co-pay when they're aware up-front that the drug costs thousands of dollars for a course of treatment - and that most of the cost has still been paid by their insurance.

We're aware that Federal regulations are pending that could implement a similar requirement on direct-to-consumer advertisements, but given the uncertainty in Washington D.C., Oregon should not wait. There's no reason to believe that current Federal law would preempt a consumer information requirement that follows a long history of required disclosures for products like tobacco and alcohol. Oregon has been a leader on health care price transparency through insurance rate review and last year's drug price transparency bill, HB 4005. HB 2961 follows in that tradition.

HB 2753 - Mandatory Substitution of Generics

HB 2753 requires pharmacies to substitute lower cost generic equivalents for brand-name drugs if it offers a cost-savings to the purchaser. In many cases, consumers may not even be aware that a lower cost alternative is available to them. While this practice is already common in the pharmacy industry, making it mandatory will push down total spending on prescriptions by filling in the remaining gaps. It will also help eliminate incentives for brand-name manufacturers to keep a price point out-of-sync with the appropriate market price for a drug with generic alternatives.

Oregon consumers are counting on you to build on the foundation established by HB 4005 and take further action on rising prescription drug costs. We urge you to support HB 2961 and HB 2753 and to make this issue a top priority for the 2019 Legislative Session.

Thank you for your time and consideration.



Mark O. Griffith
Health Care Advocate
OSPIRG