

May 30, 2019

Representative Andrea Salinas, Chair

House Committee on Health Care
Oregon State Legislature

RE: HB 2696

Dear Chair Salinas, Vice-Chairs, and Committee Members:

The Oregon State Public Interest Research Group (“OSPIRG”) is a consumer advocacy organization with over 30,000 members and supporters throughout the state. Over the last three years, we have helped lead the legislative effort to rein in the high cost of prescription drugs in our state, including supporting passage of the landmark Drug Price Transparency Act in 2018 and advocating in favor of multiple concepts during the current session.

Throughout the last decade, OSPIRG has served as an independent voice for consumers in Oregon’s uniquely transparent health insurance rate review process. We’ve found that the cost of prescription drugs, which rose at 10 times the rate of inflation over the last 5 years,¹ has proven a persistent obstacle to keeping health insurance affordable for Oregon consumers. This has proven true again in this year’s rate filings, with some insurers claiming a cost growth trend as high as 13% for prescription drugs, substantially higher than estimated trend for all other aspects of care.

OSPIRG and our national affiliate U.S. PIRG have built our health care program around a simple principle: as a nation, we need to increase the value of care. That is - the price we pay for treatment should reflect the therapeutic value of the care received. The unique dynamics of health care consumption, including the role of health plans as intermediate payers and the inflexibility of patient demand, mean that market forces have proven ineffective at keeping the cost of care in line with its therapeutic value.

This is particularly true when it comes to prescription drugs. Our 501(c)(3) sister organization, OSPIRG Foundation, surveyed the price of several common prescriptions and their generic equivalents at over 250 pharmacies across 11 states for its recent report, “The Real Price of

¹ Minority Staff, [Manufactured Crisis: How Devastating Drug Price Increases are Harming America’s Seniors](#), US Senate Homeland Security & Governmental Affairs Committee Office, March 26, 2018.

Medications.”² We have submitted this Report as an exhibit for your reference. This survey found incredible variance in prices. Our researchers found prices as high as \$865 and as low as \$193 for the high-cholesterol drug Lipitor. The generic alternative, Atorvastatin, had prices as high as \$393 and as low as \$8. It’s ludicrous to think that Lipitor can remain on the market with a median price 350% higher than Atorvastatin 7 years after the alternative was introduced. This is just one demonstration of how the prescription drug market is fundamentally broken and disconnected from relative value.

We pay more for prescriptions than any other nation in the world. The reason for this is not a mystery. When the state of Florida examined the potential costs and benefits of establishing a Canadian importation program this year, it concluded that rate setting - like the proposal embodied in HB 2696 - has a role in controlling costs in every other country with a modern medical system.³ Also this month, the state of Maryland became the first in the nation to recognize the failure of the market to bring drug prices in line with their therapeutic value by creating a “Drug Price Affordability Board” similar to the commission proposed in HB 2696

We have recommended many different policies to address the issue of drug prices, from expanding safe importation to creating an expert board to examine drug prices - much like this bill proposes. We believe this concept is worthy of further discussion, and the experience of Maryland affords us a great opportunity to observe this type of proposal in action.

Respectfully submitted,



Numi Lee Griffith
Health Care Advocate
OSPIRG

² Adam Garber, et al, [The Real Price of Medications: a survey of variations in prescription drug prices](#), U.S. PIRG Education Fund, March 2019.

³ Lloyd, Et al, “Bill Analysis & Fiscal Impact Statement - SB 1528,” The Florida Senate, April 19, 2019.