

May 30, 2019

The Honorable Andrea Salinas, Chairperson
House Committee on Health Care
Oregon House
900 Court St NE, HR-E
Salem, OR 97301

Re: House Bill 2696 - Support

Dear Representative Salinas,

Moda Health is submitting this letter in support of HB 2696, which seeks to expand the state's efforts to ensure Oregonians have access to safe and affordable medications.

Moda Health is a Northwest-based health insurer providing dental, medical and pharmacy insurance and administrative services in Oregon, Washington and Alaska. Moda Health takes pride in the diversified range of clinical and pharmacy cost management services and strategies we deploy on behalf of the more than 1.2 million individuals in the Pacific Northwest for whom we provide prescription drug coverage. We are the administrator for Oregon's Prescription Drug Program (OPDP), which includes over 200,000 members enrolled in the Oregon Educators Benefits Board (OEBB), Public Employee Benefits Board (PEBB), SAIF, Eastern Oregon Coordinated Care Organization, and other self-insured and government programs statewide, as well as over 300,000 under- and uninsured residents who benefit from the preferential drug prices that the OPDP discount card has made possible. Moda Health is committed to fulfilling the mission of this program to ensure pharmacy benefit transparency for all who participate in it.

Oregon is a leader in ensuring that its residents have access to safe, effective and affordable health care. It led the nation with the passage of HB 4005 in 2017 that established task force to assess the factors and drivers that effect drug prices in the supply chain.

HB 2696 build on the success of HB 4005 by creating a Drug Cost Review Commission (DCRC) with a mission to evaluate manufacturer proposed drug price increases or prices for newly available medications that exceed a defined threshold and set a maximum payment rate for drugs when it concludes that proposed prices will result in "excess costs" for consumers and health care systems in Oregon. This commission is another resource that can help bring greater transparency to the factors effecting drug prices and will help reign in the impact of annual year over year drug price increases that presently affect Oregonians.

The mission that is proposed for the DCRC offers the state a method to effectively address the costs of prescription drugs. By endowing DCRC with the ability to set a maximum payment rate for certain drugs this Bill will assist consumers with gaining access to lower costs at the point of service on a statewide basis.

HB 2696 includes several elements that will help Oregon with ensuring better delivery of more affordable medications by:

The Honorable Andrea Salinas, Chairperson

Page 2

May 30, 2019

- Requiring manufacturers to notify the DCRC in advance of any planned price increase or new launch that exceed a defined threshold;
- Creating the ability to establish a maximum payment rate for drugs the DCRC concludes will result in “excess costs” for consumers and health care systems in Oregon;
- Directing the Oregon Attorney General to investigate complaints of drug suppliers that exceed the maximum payment rate; and
- Making it an “unlawful trade practice” for a manufacturer to fail to provide required advance notice of price increases and for drug suppliers to establish a payment rate above the maximum.

These are bold steps for Oregon. But recent experience of unfettered control over ever-increasing prescription drug costs requires bold action. If passed, HB 2696 will provide the state with another tool to bring transparency to drug prices and create awareness of the factors justifying the prices that are being charged.

For these reasons, Moda Health supports passage of HB 2696.

We appreciate the opportunity to comment on this bill. If you have any question, please do not hesitate to contact me at robert.judge@modahealth.com, or (503)265-2968.

Sincerely,



Robert Judge
Director of Pharmacy Services