

March 1, 2017

Representative Mitch Greenlick, Chair
House Committee on Health Care
900 Court Street NE
Salem, Oregon 97301

Dear Chair Greenlick and Members of the Committee:

On behalf of the over 800 City of Portland employees represented by the Professional and Technical Employees (PTE) Local 17, I write today in support of House Bill 2387.

Because our members have historically chosen medical benefits for themselves and their families over higher wages, we have been closely involved with the management of health plans of many of the largest public employers in the Pacific Northwest, including the City of Portland. While we watched with relief as high medical cost inflation subsided over the past few years, we have seen prescription drug costs soar. In many plans, prescription drug prices are now driving significant portions of the year-to-year cost increases.

For example, in the City of Portland's self-insured plan, the 2016 growth in medical claim cost was less than 1%, which is a manageable increase considering inflation and revenue changes. However, during the same period, prescription drug claims have increased by 9.9%. From June 2014 to December of 2016, annual prescription claims have increased by approximately 28.5%. This level of growth is unsustainable and will eventually have a detrimental impact on the level of medical care that City employees can expect from their benefits.

As prescription drug costs continue to increase, these costs will take a larger amount of money out of employer pockets. Rather than spending money on payroll or investment in services, both of which directly stimulate the Oregon economy, an increasing amount of employer's funds will be sent to large out-of-state pharmaceutical companies. In the case of public employers struggling to provide services while retaining talent through attractive benefits programs, this problem becomes stark: rather than investing in public services and public servants, these public employers will be sending an increasing portion of their budget to large pharmaceutical companies.

The cost increases that House Bill 2387 attempts to address are dramatic, and in our opinion the bill takes appropriately strong action to protect Oregon from sustaining further damage from this increasingly harmful situation, and we urge you to support HB 2387.

Sincerely,



Elliot Levin
Research Director and Legislative Advocate
Professional and Technical Employees Local 17

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