

February 19, 2019

Representative Mitch Greenlick, Chair

House Committee on Health Care
Oregon State Legislature

Re: HB 2658

Dear Chair Greenlick and Committee Members:

OSPIRG (the Oregon State Public Interest Research Group) supports HB 2658, requiring drug manufacturers to give at least 60-days advance notice of significant planned price increases to the Department of Consumer and Business Services. 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 project, OSPIRG has served as an independent voice for consumers in Oregon's uniquely transparent process for insurance rate-review. While we've pushed health benefit plans to cut waste and maintain lower premiums, we've been forced to recognize that the rising cost of prescription drugs has proven an intractable obstacle to keeping health insurance rates stable.

Jane Horvath's presentation to this committee on February 12th highlights the magnitude of the problem: 23.3 cents of every health care dollar spent is going towards prescription drugs. A recent report on Medicare spending to the U.S. Senate showed that prescription drug prices had risen at ten times the rate of inflation over the previous five years. And time and again breakout news stories have highlighted sudden price hikes for prescription drugs - not only brand names, but also off-patent medications that have been on the market for decades.

Mylan raised the price of the EpiPen over 400% over 10 years. Even with competition, the price of the leading forms of insulin, a life sustaining medication for type-1 diabetics, rose nearly 300% between 2002 and 2013. And Evzio, an auto-injector for the anti-overdose drug nalaxone, had its price increased 600% to over \$4,000 in the midst of the national opioid crisis. Independent analysts estimate the cost of manufacturing auto-injectors like the EpiPen to be less than \$30.

Last year, we supported passage of HB 4005, which generally requires drug manufacturers to explain the factors that contributed to a decision to increase prices. However, the version of the

4005 that passed the full legislature and was signed into law had a similar provision requiring advance notice of price increases stripped from it. HB 2658 restores that language.

Requiring advance notice of price increases could give health plans and consumers the opportunity to plan ahead instead of being hit with unexpected price hikes. A similar policy has already been in effect in California since last year, and national news stories have highlighted the information exposed by California's law in December and over the summer. We've seen in California, and through our experience in Oregon with health insurance rate review, that a marketplace can remain competitive even when subject to robust transparency requirements. Increasing the transparency around planned price increases will make it more possible for market forces to respond to changes, and alongside other policies to control spending it is an important step towards reining in the high cost of prescription drugs.

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 2658 and to make this issue a top priority for the 2019 Legislative Session.

Thank you for your time and consideration.

Respectfully Submitted,



Mark O. Griffith
Health Care Advocate
OSPIRG