February 26, 2019

Chair Salinas, Members of the Committee,

Cambia supported HB 4005 in 2018 and appreciates the Legislature's efforts the past few years to address the out-of-control cost of prescription drugs. However, we believe HB 2799, as written, will not meaningfully reduce the total cost of prescription drugs in the health care system. Instead we think HB 2799 could have the unintended consequence of tilting price negotiations toward drug manufacturers. We have three points of concern:

First, federal rules require that health plans not assume enrollment for a specific plan. Instead, if a new benefit mandate, such as requiring no deductible or other cost-sharing requirement, is imposed on some plans, all plans must assume this additional risk. **Based on our initial actuarial analysis and conversations we've had with health plans in Colorado that had to implement a similar mandate, we believe HB 2799 will increase premiums between 1 to 3 percent.**

Second, it's important to note that this bill does not and cannot mandate that employers buy these plans. It's highly likely HB 2799 as written will increase premiums in these markets but not reach the population it intends to serve. The bill will also not require ERISA plans to offer these benefits.

Finally, without cost-sharing benefits in place, drug manufacturers have no incentive to remain competitive with similar drugs on price. If consumers are blind to the price of a drug, it is easier for manufacturers to increase the price. The result is higher premiums for consumers and employers.

We respectfully encourage the committee to reconsider the language mandating a no-deductible or cost-sharing plan in all these markets.

Sincerely,

Vince Porter
Director, Oregon Government Affairs