

Testimony for SB 872

March 25, 2019

Senate Health Committee

Submitted by John Mullin on behalf of AARP

AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering Americans 50 and older to choose how they live as they age. With 510,000 members in Oregon, AARP works to strengthen communities and advocate for what matters most to families with a focus on health security, financial stability and personal fulfillment.

In the absence of federal action on this important issue, Oregon must lead to help our citizens afford lifesaving and life-improving medications that are often financially out of reach. This is true for many, whether they have or lack insurance. Some examples of current conditions include the following:

- *Prices of brand-name prescription drugs increased almost 130 times faster than inflation did in 2015 alone;*
- *A recent AARP survey found that 3 of 4 adults age 50+ regularly take at least one prescription medication, and over 8 in 10 take at least two drugs. More than half of seniors take four or more drugs;*
- *Data from 2015 shows the average annual cost for one brand name drug used on a chronic basis now exceeds \$5,800. For the average older American taking 4.5 prescription drugs per month, this translates into an average annual cost of therapy of \$26,000. This amount exceeds the median income of \$24,150 for Medicare beneficiaries;*
- *Last year, in AARP's 2018 Mid-Term Voter Issues Survey, 92 percent of voters age 50 and older told us that candidates' positions on lowering drug costs was important to them, with 74 percent identifying this as "very important."*

And in a Kaiser 2018 Health Tracking Poll, prescription drug pricing topped the list of the public's priorities, with 90 percent calling it an important priority,

and 52 percent listing it as a “top priority.” In that poll, a large majority (80 percent) of the public perceive prescription drug costs as “unreasonable,” an amount that has increased since 2015.

Jon Bartholomew , then with AARP Oregon participated in the task force that led to HB 3093/SB 872. These companion bills address multiple issues that were discussed during the task force deliberations.

AARP Oregon supports the majority of the legislation, but has no position on one element, and concerns about another. AARP supports the following provisions of this bill:

- *Requiring pharmaceutical manufacturers to report to the Department of Consumer and Business Services (DCBS) the total cost of patient assistance programs and information on financial assistance provided to pharmacies, government agencies, and advocacy organizations;*
- *Requiring state-sponsored programs that use pharmacy benefit managers to use fee-only pharmacy benefit managers, assuming this will save money;*
- *Requiring insurers to post specified information regarding formulary, tiers and costs to the insurer’s website. In addition, we support the 60-day advance notice to enrollees adversely affected by change in formulary so that consumers can have time to discuss alternatives with their providers;*
- *Requiring insurer, and allowing pharmacies to notify their insured customers that if the cash price for a drug is less than the insured’s cost-share for drug, the insured may pay the cash price and in turn, the expense must be counted toward any deductible or out-of-pocket maximum;*
- *Requiring multiple state agencies to report to the Legislative Assembly on the high-cost drugs, and requiring the Oregon Health Authority (OHA) to refer to the Pharmacy and Therapeutics Committee information about any drug exceeding the specified cost;*

- *Requiring any patient advocacy organization with a budget exceeding \$50,000 that has registered lobbyist(s) in this state to report to Oregon Government Ethics Commission and OHA specified information regarding funding received from participants in pharmaceutical supply chain;*
- *Requiring drug advertisement to disclose the wholesale price of drug.*

AARP has no position on the proposal that requires hospitals and other medical providers to disclose in patient billing information regarding mark-up on price of drug and requires billing to disclose price of drug charged to specified state agencies and insurers.

Finally a concern, on the proposal that requires pharmacy benefit managers to report to DCBS and plan sponsors specified information regarding rebates, reimbursements, fees and incentives paid for drugs by manufacturers, insurers, and pharmacies. We support the general concept, but we recommend explicit data protections plus data aggregation.

AARP Oregon thanks the task force for their hard work in crafting this legislation, and I appreciate the opportunity to provide comments on the legislation.