

May 1, 2019

Senator Laurie Monnes Anderson, Chair

Senate Committee on Health Care
Oregon State Legislature

Re: HB 2658

Dear Chair Monnes Anderson, Vice-Chair Linthicum, 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 - not only in out-of-pocket costs, but also through rising insurance premiums due to increased expenditures on prescriptions. We urge the Committee to advance this bill to take a small, but necessary step towards reining in rising drug prices.

OSPIRG Foundation's recently released report, *The Real Price of Medications*¹, surveyed price differences between the same drug at different pharmacies. The study concluded that the prescription drug market is fundamentally broken - the price of prescription medications do not reflect the value of the treatment relative to alternatives. Our survey found prices for Lipitor - a treatment for high cholesterol as high as \$865, while the biosimilar equivalent atorvastatin had a median price of only \$112.

The most eye-popping headlines have been driven by massive price increases on specialty drugs that serve small populations - the drug ACTH, which treats the rare childhood condition infantile spasms, saw a price increase of over 97,000%.² However, the problem extends to drugs that serve large populations - the leading forms of insulin, which diabetics depend on for survival, saw prices increase 300% between 2002 and 2013, and those prices have doubled again since then. Overall, drug prices have risen at around ten times the rate of inflation over the last five years.³

Last year, OSPIRG, along with OCAP, supported passage of HB 4005, the Drug Price Transparency Act, which generally requires drug manufacturers to explain the considerations that contributed to a decision to increase price. However, the version of the 4005 that passed the full

¹ Adam Garber, et al, *The Real Price of Medications*, U.S. PIRG Education Fund, March 2019.

² Wayne Drash, "Anatomy of a 97,000% Price Hike: One Family's Fight to Save Their Son," *CNN*, June 29, 2018.

³ HSGAC Minority Staff Report, *Manufactured Crisis: How Devastating Drug Prices are Hurting America's Seniors*, March 26, 2019.

legislature and was signed into law had a 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 and identify alternatives instead of being forced to deal with unexpected price hikes. A similar policy has already been in effect in California since last year, and national news stories highlighted the information exposed by California's law almost immediately after it went into effect last summer.

We've already seen these transparency requirements have a concrete effect on prices. In January 2018, manufacturers raised prices on 580 drugs by an average of 8%. However, this January, manufacturers raised prices on only 486 drugs by a much lower average of 5.2%. Many price increases were set immediately below percentage thresholds that would have required reporting under HB 4005 and similar laws. HB 2658 avoids that problem with dual reporting thresholds: over 10% or \$10,000 in 12-months for brand names; and over 25% or \$300 in 3-months for generics.

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 the Drug Price Transparency Act and take further action on rising prescription drug costs. We urge you to support HB 2658.

Thank you for your time and consideration.

Respectfully Submitted,



Mark O. Griffith
Health Care Advocate
OSPIRG