



March 3, 2021

Senator Deb Patterson, Chair
Senator Tim Knopp, Vice-Chair
Senate Committee on Health Care
900 Court Street NE
Salem, OR 97301

Delivered electronically.

RE: Support for Senate Bill 764, Pay-for-Delay of Less Expensive Generic Drugs

Chair Patterson, Vice-Chair Knopp, and Members of the Committee:

The PacificSource companies are independent, not-for-profit health insurance providers based in Oregon. We serve over 500,000 commercial, Medicaid, and Medicare Advantage members in four states. PacificSource Community Solutions is the contracted coordinated care organization (CCO) in Central Oregon, the Columbia River Gorge, Marion & Polk Counties, and Lane County.

We support the goals of SB 764 which will prohibit the practice of “pay-for-delay” of generic drugs by pharmaceutical manufacturers.

Nationally and in Oregon, medical inflation continues to outpace the cost of other goods and services. Runaway prescription drug costs threaten our ability to fulfill our mission of providing better health, better care, and better cost to the people and communities we serve. In 2019, Oregon pioneered an approach to bring transparency to drug pricing. The program enacted by HB 4005 (2018) gives the pharmaceutical industry the opportunity to justify unexplained price increases, a chief contributor to rising medical inflation. Health insurers, hospitals and government programs like PEBB and OHP continue to have requirements of price transparency and accountability.

But as the state moves toward limiting the cost of care through a benchmark, the assembly will need to examine and take substantive steps toward controlling inputs to the system, like prescription drugs. ***SB 764 addresses yet another problem in the Oregon prescription drug chain. Companies—small and large—cannot keep pace with the unsustainable rate of growth in prescription drug prices.*** They are being forced to choose plans for their employees with higher out-of-pocket maximums and far fewer benefits. Prescription drugs cost Americans, on average, over 256% as much as other industrialized countries for medications.¹ According to DCBS' 2020 report on drug pricing, 11 percent of Oregon's total health care

¹ See RAND Corporation, *International Prescription Drug Price Comparisons* (January 28, 2021) (available at https://www.rand.org/pubs/research_reports/RR2956.html)

expenditures consisted of prescription drug costs.²

At PacificSource, approximately 1.5% of our commercial members use specialty drugs, yet these drugs represent nearly 50% percent of the total prescription drug spend. In addition, we absorbed double digit drug price increases each year from 2012-2015.

PacificSource and a large coalition of advocate groups encourage support of SB 764. We urge the committee's support of this legislation. It represents an important step in ensuring that less expensive medication become available to Oregonians in a timely manner.

For questions or concerns, please contact me at 503.949.3620 or richard.blackwell@pacificsource.com.

Sincerely,

Richard Blackwell
Director, Oregon Government Relations

² Prescription Drug Price Transparency Results and Recommendations – 2020, available at <https://dfr.oregon.gov/drugtransparency/Documents/Prescription-Drug-Price-Transparency-Annual-Report-2020.pdf>