



March 22, 2021

The Honorable Deb Patterson, Chairman
The Honorable Tim Knopp, Vice Chairman
Senate Committee on Health Care

Dear Chairman Patterson, Vice Chairman Knopp, and Members of the Oregon Senate Committee on Health Care:

On behalf of National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, we are here to express our strong opposition to SB 844, an act which establishes a prescription drug price control board. Despite well-meaning legislative intent and the importance of prescription drug affordability, Oregon patients and taxpayers will not be well-served should the provisions of this bill become law.

The objective of SB 844 is to reduce drug prices by granting the newly established board the authority to cap drug prices at an upper payment limit. Unfortunately, this well-intentioned legislation creates unintended consequences which could limit the availability and development of prescription options to Oregon patients.

SB 844 will likely have a longstanding, detrimental effect on innovation and development of groundbreaking, life-saving medications. Explicitly, the legislation creates a board to review and oversee prescription drug costs with the goal of implementing price caps. This is achieved by requiring the board establish an upper payment limit on prescriptions arbitrarily deemed too costly. While the intent of the legislation is rather noble, SB 844 fails to account for systemic flaws that prevent discounts from directly flowing to patients and erroneously assumes that the price of a drug is determined solely by one piece of the supply chain puzzle.

This legislation blatantly ignores the multiple stakeholders involved in determining what consumers ultimately pay for medications and overlooks the role of consumer drug coverage. For example, pharmacy benefit managers determine the terms of drug coverage for medications and then exert influence over which prescription drugs are included on formularies based upon rebates and discounts. NTU has previously expressed concern that negotiated rebates are not always passed along to the consumer, effectively failing to offset patient costs at the point of sale.

Imparting price controls will invariably diminish research and development by removing incentives that encourage manufacturers to pursue innovative prescription drug solutions. SB 844 fails to consider that manipulating economic structure through regulatory provisions or legislative decree often generates negative results. If lawmakers elect to artificially and

arbitrarily create a price ceiling for prescription drugs, Oregonians will eventually have less access to innovative medications.

The stated purpose of this legislation is to lower prescription drug prices and reduce out-of-pocket costs for Oregon patients. NTU shares these goals with lawmakers and recognizes the challenges faced by patients and taxpayers. In consideration of our mutual goals, we strongly believe that imposing government-dictated price controls on prescription drugs will not lower drug prices and will ultimately decrease patient access and limit the innovation of new life-saving medications.

We hope you stand with the patients and taxpayers of Oregon and oppose this legislation. Thank you for your time and consideration of NTU's comments, please reach out should you have any questions.

Sincerely,

Leah Vukmir
Vice President of State Affairs

Jessica Ward
Director of State Affairs