March 19, 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 844, Creating an Oregon Prescription Drug Affordability Board

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. Our mission is to provide better health, better care, and better value to the people and communities we serve.

PacificSource also belongs to the Oregon Coalition for Affordable Prescriptions (OCAP). This diverse group of stakeholders introduced several bills this session meant to directly address lowering the cost of prescription drugs, rather than shifting high costs to other entities or adversely impacting member premiums.

Currently, pharmaceutical companies are free to raise the cost of drugs at any time without notice. In addition, pharmaceutical companies are not included within the health care entities subject to Oregon's annual "healthcare cost growth cap" (SB 889). Drug companies use all this to their advantage, forcing insurers and other purchasers to accept price increases. As a result, insured members and employer group plans pick up the tab for these cost increases through increased premiums and copays.

In contrast, other participants in the health care sector must justify rate-setting activities. For example, insurance rates for individual and small group market plans are subjected to an annual public review process with transparency, independent analysis, hearings and testimony overseen by the Department of Consumer and Business Services (DCBS). Oregon is one of many states considered to run an "effective rate review program" by the Center for Medicare and Medicaid Services, meaning that the program receives meaningful data, considers a host of

factors in approving rates, makes documents and data transparently available, and provides a public process for receiving comments.[1]

In 2018, PacificSource testified in support of HB 4005, which established the nation's first comprehensive drug price transparency program. The goals of the program, as established in the bill's preamble, included providing "notice and information related to the cost and pricing of prescription drugs" as well as providing "accountability for prescription drug pricing[.]"[2] In our testimony, we noted that pricing accountability constituted the first step in addressing the problem of drug costs adversely impacting tens of thousands of Oregonians. In its 2020 report on drug price transparency, DCBS noted that prescription drugs continue to rise in price while compliance with the program — particularly with respect to filed reports — fell by 70% compared to 2019.[3] Clearly, more work needs to be done to bring about accountability and help control the cost of prescription drugs.

We support the goals of SB 844 which will create an Oregon Prescription Drug Affordability Board. The Board will build off the efforts of this assembly around transparency and accountability. The Board would closely examine critical life-saving medications that have skyrocketed in price and identify those that have excessively increased without reasonable cause.

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

Sincerely,

Richard Blackwell
Director, Oregon Government Relations

[1] https://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/rate_review_fact_sheet
[2] 2018 Or Laws ch 7 (Enrolled HB 4005).
[3] *See* Dept. of Cons. & Bus. Svcs., *Prescription Drug Price Transparency Results and Recommendations – 2020*, available at https://dfr.oregon.gov/drugtransparency/Documents/Prescription-Drug-Price-Transparency-Annual-Report-2020.pdf