

Submitter: Thomas Busse

On Behalf Of:

Committee: House Committee On Behavioral Health and Health Care

Measure: HB2716

I'm a former ACT-UP activist, and for over a year, I have been investigating fraud, waste, and abuse in the 430b prescription drug pricing program in Oregon. This bill makes policy changes that will exacerbate, not curb abuse in the program. I have substantial concern about conflicts of interest by the Prescription Drug Affordability Board behind this bill given their backgrounds with 430b bad actors - especially PDAB members formerly employed by the Los Angeles based AIDS Healthcare Foundation, which in 2015 built a \$200 million lobbying fund from 430b discounts and generated \$1 Billion in mostly unnecessary pharmaceutical sales, raising everyone's healthcare costs. The lobbying slush fund was then used to pass California ballot initiatives unrelated to HIV/AIDS on behalf of politically-connected property developers. Emulating this corruption in Oregon is, I believe, the true purpose of this bill.

Here is an example: The Cascade AIDS Project (CAP) is funded by the Pharmaceutical Industry (principally Gilead Sciences), and it often weaponizes LGBT activists seemingly on behalf of people affected by HIV/AIDS, but in reality pushes policies that benefit Gilead - specifically to harness 430b discounts to create a lobbying fund on behalf of "astro-turf" patient advocacy groups. Last May, CAP created a lobbying fund and gave a reward to Senator Kate Lieber where several Oregon legislators and pharmaceutical industry representatives were in attendance. The money for the lobbying fund came from CAP's brand new in-house 430b telemedicine pharmacy attached to its LGBT affirming "Prism" clinic - the minority affirming mission being the charitable justification for being allowed to operate a 430b pharmacy. The vast majority of Prism's patients, though, are not the low income people the 430b program is intended to serve, CAP targets HIV positive gay men with good private insurance as well as HIV negative men on "PrEP" to move their prescriptions to the Prism pharmacy, of which CAP retains a cut, which it recycles into political lobbying, executive bonuses, and real estate investment. An in-house 430b pharmacy at Central City Concern generated \$9 Million in net income from hepatitis c drugs in 2021 mostly robo-dispensed to active injecting homeless drug users who were "lost to follow-up."

Because 430b falls into a safe harbor under the federal anti-kickback statute, operators of 430b profit directly from the prescriptions they dispense. This leads to unnecessary and wasteful prescriptions. Hepatitis C and HIV drugs especially can be a cash-cow - and, contrary to propaganda, are not "lifesaving." Astro-Turf AIDS activists have successfully lobbied to ban sensible insurance preauthorization requirements so that insurers are forced to cover Gilead's "me-too" on-patent HIV

drugs Biktarvy and Descovy instead of its nearly identical generics Tivicay/Truvada and Truvada and are not required to do an honest assessment of HIV risk for PrEP. Biktarvy retails at \$90,000 and Descovy retails at \$21,600 vs. Truvada which now retails at \$4,800. Also the vast majority of people taking Truvada or Descovy for PrEP are not at any risk of HIV seroconversion and have no benefit from the drug - but CAP employs an army of Gilead-funded "PrEP navigators" with the singular purpose of maximizing sales. Another problem that exists with 430b is "double dipping" and the practice is especially acute in Oregon because there's no private right of action on the state's false claims act so whistleblowers don't come forward.

Insurers are well-aware that prescriptions coming out of 430b pharmacies are often unnecessary and wasteful, and they are in a position to gather data on probable bad actors. This bill would force insurers to do business with these 430b bad actors. Although on the surface forcing claims to discount pharmacies may appear to control cost, it is offset by the growth in drug sales volume and switch to branded drugs.