



SENATE MAJORITY OFFICE

Oregon State Legislature
State Capitol
Salem, OR

NEWS RELEASE

March 2, 2018

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Transparency will help address high prescription drug prices

HB 4005 requires reporting cost drivers when prescription drug prices rise

SALEM – As prescription drug prices continue rising rapidly nationwide, the Oregon Senate voted to send a bill to Gov. Kate Brown that will create transparency regarding the cost drivers that lead to price increases.

[House Bill 4005](#) – which passed the Senate today on a 25-4 vote – aims at providing consumers more information and requiring drug manufacturers to justify cost increases.

“The most common concern I hear from my constituents is the high cost of prescription drugs,” Sen. Lee Beyer, D-Springfield, said. “Many Oregonians face significant financial burdens due to the high price of the medications they need. I believe that this bill is a first step to address prescription drug affordability. If we are unable to take action at this time to reduce prices, we should at the very least act to provide transparency so that we can better understand the factors that contribute to dramatic cost increases.”

The legislation requires prescription drug manufacturers to report information regarding qualifying prescription drugs – including production, marketing and research costs – to the Department of Consumer and Business Services. To qualify for reporting, a drug must have a base cost of more than \$100 and the price must go up by 10 percent or more in one year.

Companies that fail to comply with the reporting could face civil penalties. The transparency will expose the key cost drivers and can serve as a first step to addressing them.

“As a physician and a patient who relies on life-saving medications, I’ve seen the exorbitant rise in drug prices over the years,” said Sen. Elizabeth Steiner Hayward, D-Beaverton, who carried

the bill on the Senate floor. “The pharmaceutical industry is arguably one of the most complex, and least regulated on the market, and I believe that HB 4005 will take us one step closer in establishing price transparency and a better understanding of the entire supply chain.”

A research study published in the Journal American Medical Association found that between 2013 and 2015, national spending on prescription drugs increased by about 20 percent and accounted for an estimated 17 percent of health care spending. From 1994 to 2014 in Oregon, prescription drug spending increased 7.2 percent annually, on average, according to the Center for Medicare and Medicaid Services. In 2014, \$3.5 billion was spent in Oregon on total sales for prescription drugs filled by retail pharmacies, according to the Kaiser Family Foundation. Nationally, CMS predicts that prescription drug expenditures will increase by 6 percent annually from 2018 to 2025.

The legislation was brought forward by a bipartisan group of legislators that included Sen. Beyer and Sen. Dennis Linthicum, R-Klamath Falls, as chief sponsors. Other senators to sign on as sponsors included Sen. Brian Boquist, R-Dallas, Sen. Laurie Monnes Anderson, D-Gresham, and Sen. Kathleen Taylor, D-Portland.

Ann Neilson, of Madras, is a Registered Nurse and takes a prescription drug for Chronic Dry Eye Syndrome. It costs her more than \$2,000 per year out-of-pocket after insurance pays \$5,200. In Canada, she said, that same medication costs \$1,137 without any insurance payment. As a nurse, she has seen first-hand the devastation that high prescription drug prices are causing for Oregonians with limited incomes.

“As a nurse, I know there are lots of other stories out there,” Neilson said. “When working in home health, I discovered scores of patients taking half their prescribed doses or skipping doses due to limited incomes, causing poor health outcomes. I believe patients deserve to know why drug prices are increasing. I need Restasis to protect my eyes, but some of my patients need their prescription drugs to survive. This bill is an important step toward making sure that all patients can afford the medications they need.”

The bill now goes to Gov. Kate Brown for her signature.

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