



Public Comments
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DCBS Public Hearing on Prescription Drug Prices
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AARP is pleased to testify and submit these comments before the Oregon Department of Consumer Business & Services Prescription Drug Prices public hearing. AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering Americans 50 and older to choose how they live as they age. With over 500,000 members in Oregon, AARP works to strengthen communities and advocate for what matters most to families.

Americans are sick and tired of paying the highest drug prices in the world for critically needed medication. Americans pay 3x more than other countries for the same brand name drugs.¹ The prices of existing prescription drugs are growing rapidly. A recent report by the U.S. Department of Health and Human Services noted that list prices on more than 1,900 prescription drugs rose faster than inflation between January 2022 and January 2023.² AARP Public Policy Institute's 2021 Rx Price Watch report found that in 2020, prices for 180 widely used specialty prescription drugs increased by more than three and a half times faster than general inflation in 2020.³ This ongoing problem unnecessarily increases health care spending, taking money out of consumers' pockets and leading to increased government spending.

Oregonians should not have to choose between buying medicine and paying for food and rent but that is the reality faced by too many. In Oregon, the annual cost of prescription drug treatment increased 19.9% between 2016 and 2020, while the annual income for Oregon residents only increased by 13.4%⁴

Just one example: In 2021, 469,768 Oregonians had been diagnosed with cancer. Revlimid is a cancer drug that may help many of these individuals. Between 2015 to 2020, the price of Revlimid went from \$187,574 to \$267,583 per year.⁵ In 2022, that price went to about \$294,000 per year.⁶ Since Revlimid was launched in 2005, its list price has gone up 270%,

¹ <https://www.aarp.org/rxpricewatch>

² <https://aspe.hhs.gov/sites/default/files/documents/0cdd88059165eef3bed1fc587a0fd68a/aspe-drug-price-tracking-brief.pdf>

³ <https://www.aarp.org/content/dam/aarp/ppi/2021/09/trends-retail-prices-specialty-drugs.doi.10.26419-2Fppi.00073.006.pdf>

⁴ <https://www.aarp.org/rxpricewatch> (based on price associated with taking 4.7 widely used brand name prescription drugs; income based on median person-level income).

⁵ Stephen W. Schondelmeyer and Leigh Purvis. Rx Price Watch Reports. Washington, DC: AARP Public Policy Institute, 2021.

⁶ <https://www.drugs.com/price-guide/revlimid>

while the corresponding rate of general inflation for that period was 53%.⁷ That means the price of this drug increased by four times the rate of inflation.

Last year, AARP was successful in advocating for significant prescription drug price reforms at the federal level, including giving Medicare the authority to negotiate drug prices.⁸ However, most of the impact of those reforms only affects people on Medicare. There remains much more that can and should be done at the state level to address the high cost of prescription drugs. In Oregon we have made important advances to bring transparency to the reasons for drug price increases, but we must go further to enact meaningful reforms that will make a difference in the lives of Oregonians.

Oregon should empower the recently established Prescription Drug Affordability Board (PDAB) to set Upper Payment Limits (UPLs) on certain high-price drugs, utilizing data that is collected by the existing drug price transparency law. We believe these UPLs should be applied to all payors in the state, but even if only applied to government payors, it would reduce drug spending by government considerably. Maine law requires the state to publish a list online of what the state could save if they used this system. In 2023, their first report indicated that if the state set an upper payment limit based on Canadian prices on 72 identified drugs, Mainers could save \$146.7 million annually.⁹

International reference pricing, using Canadian prices as a reference point, to establish UPLs on drugs that the PDAB determines are overpriced is one method AARP supports to rein in drug spending. Another method to set UPLs in the future would be to use the negotiated rate on drugs that Medicare establishes, known as the Maximum Fair Price (MFP). This would effectively reduce state spending, and if applied to all payors, could lead to lower health care premiums and out-of-pocket costs for all Oregonians.

AARP also supports expanding bulk purchasing efforts, banning price gouging by drug manufacturers, making it easier for pharmacists to substitute biosimilar drugs for biologic drugs, and preventing insurance companies from changing their formularies in the middle of the plan-year that cause an increase out-of-pocket costs or other negative effects for consumers.

We appreciate the opportunity to provide comments today and AARP Oregon stands ready to join with others in addressing the high cost of prescription drugs so our members no longer have to make tough decisions about whether or not they can afford the medications they need.

⁷ <https://www.aarp.org/content/dam/aarp/ppi/topics/health/prescription-drugs/prices-top-medicare-part-d-drugs-tripled-entering-market.doi.10.26419-2fppi.00202.001.pdf>

⁸ <https://www.aarp.org/politics-society/advocacy/info-2022/medicare-budget-proposal.html>

⁹ <https://mhdo.maine.gov/RxReferenceRates.htm>