



Public Comments
Andrea Meyer, Director of Government Relations
DCBS Public Hearing on Prescription Drug Prices
December 1, 2022

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 503,000 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 1,200 prescription drugs rose faster than inflation between July 2021 and July 2022, rising on average 31.6 percent.² AARP Public Policy Institute's 2021Rx 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 26.3% between 2015 and 2019, while the annual income for Oregon residents only increased by 14.1%⁴

Just one example: In 2018, 393,023 Oregonians had been diagnosed with cancer. Revlimid is a cancer drug that may help many of these individuals. Between 2015 to 2020, the price

¹ <https://www.aarp.org/rxpricewatch>

² <https://aspe.hhs.gov/reports/prescription-drug-price-increases>

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).

of Revlimid went from \$187,574 to \$267,583 per year.⁵ In 2022, that price has gone to about \$294,000 per year.⁶

This 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.⁷ 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. A savings analysis the National Academy of State Health Policy (NASHP) facilitated for Oklahoma showed annual savings of more than \$52 million for just 20 drugs purchased by state employees alone if the state set UPLs based on the prices paid in Canada for this drugs.

AARP also believes Oregon should use international reference pricing, using Canadian prices as a reference point, to establish UPLs on drugs that the PDAB determines are overpriced. Another method to set UPLs in the future would be to use the negotiated rate on drugs that Medicare establishes. 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.

We also support expanding bulk purchasing efforts, banning price gouging by drug manufacturers, 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.

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>

⁷ <https://www.aarp.org/politics-society/advocacy/info-2022/medicare-budget-proposal.html>

