



Bandana Shrestha, State Director
Oregon DCBS Public Hearing on Prescription Drug Prices
December 8, 2021

AARP is pleased to submit public comments before the December 8, 2021 Oregon Department of Consumer Business & Services Public Hearing on Prescription Drug Prices. 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. At the beginning of 2021, more than 100 pharmaceutical companies raised prices on over 600 drugs.² AARP Public Policy Institute's 2019 Rx Price Watch report found that the retail prices for widely used brand name prescription drugs increased at more than double the rate of inflation in 2018.³ This is not a one-time problem.

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 have 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 2021, that price has gone to about \$280,000 per year.⁶

While we are advocating at the federal level, including giving Medicare the authority to negotiate drug prices, there is much 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

¹ <https://www.aarp.org/rxpricewatch>

² <https://www.axios.com/drug-price-increases-new-year-2021-cf1fce6d-3c82-456f-9a6c-6b5144b4f061.html>

³ <https://www.aarp.org/ppi/info-2019/trends-in-retail-prices-of-drugs.html>

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>

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 newly enacted 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 this 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 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. 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 “pay for delay” agreements 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.