

**From:** Rep Nosse Rep.RobNosse@oregonlegislature.gov   
**Subject:** RE: HB 4005 RAC question  
**Date:** October 26, 2018 at 11:18 AM  
**To:** Courtney Helstein courtneyh@strategies360.com



Hi Courtney

Sigh

At first read, I think any drug company that would adopt that approach would put themselves at risk for a public outcry. No that kind of manipulation was not what I contemplated. For pete's sake.

The initial draft had cumulative increases. When I talked with people including some more reasonable drug manufacturers we talked about "well what about decreases"? The word/term "net" seemed to better reflect what we were trying to do which was to take into account both decreases and increases (even if decreases are less likely). It seemed fair to me that drug manufacturers should get credit for decreases too.

Yes we changed the bill from cumulative to net. We thought we were being fair to the other side.

Here is the thing. We also replaced "during the previous calendar year" with "over the course of the calendar year." We did this to signify that price increases and decreases throughout the year should be taken into account in calculating how much a drug price has increased and whether it meets the 10% or more threshold. I did not contemplate that we would ONLY look at the price on January 1 and on Dec 31. That was not my intent and that is not how the market works. Prices fluctuate throughout the year.

If a drug manufacturer raises their price 200% in Feb and then lowers it by 195% on Dec 1<sup>st</sup> I would still argue there was a net increase of 195%. :)

I hope this helps. Let me know if I need to send this around.

Thanks for writing and hang in there with the taskforce

In Unity

Rob Nosse

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**From:** Courtney Helstein [mailto:courtneyh@strategies360.com]  
**Sent:** Tuesday, October 23, 2018 10:19 PM  
**To:** Rep Nosse <Rep.RobNosse@oregonlegislature.gov>  
**Subject:** HB 4005 RAC question

Rep. Nosse,

I wanted to reach out with a question regarding HB 4005. I am serving on the RAC on behalf of the Oregon Coalition for Affordable Prescriptions (OCAP) and yesterday during a meeting there was discussion on how "net yearly increase" is defined in the draft rules for the purpose of calculating whether a price increase on a prescription drug would meet the reporting threshold. The draft rules currently read:

“Net yearly increase” means the increase in the wholesale acquisition cost of a drug over the course of a calendar year. For a drug on the market for the entire year, the net yearly increase is calculated by subtracting the wholesale acquisition cost on January 1 of the year from the wholesale acquisition cost on December 31 of the same year. For a new prescription drug introduced after January 1 of any year, the net yearly increase is calculated by subtracting the wholesale acquisition cost on the drug’s introduction date from the wholesale acquisition cost on December 31 of the same year.

By this definition, a manufacturer could jack-up the price of a drug 20%, 200%, 2000%, etc. on Jan 2<sup>nd</sup> and then bring it back down to the original price on Dec 30<sup>th</sup>, claim no net increase, and avoid having to report a potentially dramatic price increase to DCBS. Folks representing manufacturers said that the amendment that changed the terminology in HB 4005 from “cumulative” price increase to “net” price increase shows legislative intent in-line with the above definition of “net yearly increase”. I think it would be helpful to hear from you what your intent was on how price increases were to be determined and why the language in the bill was changed from “cumulative” to “net”. Is it okay if I share your response with the RAC?

Best,

Courtney



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