Regence | 200 SW Market Street, 11th Floor
Portland, OR 97201

Testimony to the Oregon Prescription Drug Affordability Board

March 12, 2026

Chair Bailey and Members of the Board,

My name is Mary Anne Cooper, and I am the Director of Government Affairs of Regence BlueCross BlueShield of Oregon. On behalf of Regence and our members, we thank the PDAB for the opportunity to comment to the Board today. As one of the state's largest health plans, Regence is committed to addressing persistent and emerging needs for the nearly 1 million Oregonians we serve.

At the February meeting, members discussed recommending an out-of-pocket cost cap policy concept for the drugs identified through the affordability review process. We urge the Board to reconsider its focus on out-of-pocket cost cap policies. While this proposal may appear to offer relief, the evidence is clear: out-of-pocket caps don't reduce drug costs, they hide and redistribute them and will ultimately increase total health care spending for Oregon families and employers.

Out-of-Pocket Cost Caps Increase System-Wide Costs

Out-of-pocket caps don't make drugs more affordable; they make drug prices invisible to patients while forcing everyone else to pay more. This is not cost containment, it's cost concealment. When consumers are blinded to the true cost of medications, several harmful dynamics accelerate.

First, manufacturers increase their prices with impunity. Without patient price sensitivity, pharmaceutical companies face zero market pressure to moderate pricing. We have witnessed this with insulin, where list prices have doubled despite no product improvements.[1] One study noted that a $35 insulin copay cap without accompanying regulations to reduce the price of insulin may actually increase total health care costs at a much higher rate than is acceptable.[2] Cost caps will remove the last remaining check on manufacturer pricing power and allow them to raise prices of drugs the state has already identified as unaffordable.

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[1] USC Schaeffer Center for Health Policy & Economics. (2025, June 19). *Medicare Part D drug costs and the Inflation Reduction Act*. USC Sol Price School of Public Policy. https://schaeffer.usc.edu/research/medicare-part-d-drug-costs-ira/

[2] Shao H, Guan D, Fonseca V, Shi L, Basu A, Pop-Busui R, Ali MK, Brown J. Economic Evaluation of the $35 Insulin Copay Cap Policy in Medicare and Its Implication for Future Interventions. Diabetes Care. 2022 Nov 1;45(11):e161-e162. doi: 10.2337/dc22-1230. PMID: 36099174; PMCID: PMC9862367.

Second, premiums will rise for all Oregonians. Pharmacy expenses consumed nearly 25% of employer health care spending in 2025 with projected increases of nearly 12% in 2026. When health plans must absorb uncapped drug prices, these expenses flow directly into premiums. Every Oregonian family and business will pay more to subsidize out-of-pocket caps accessible to only a subset of patients.

Lastly, "the balloon squeeze" effect means that costs are not eliminated by cost sharing caps, they are simply redistributed. Recent USC Schaeffer Center research on Medicare's $2000 out-of-pocket cap reveals the predictable outcome: most beneficiaries now pay more for their pharmacy benefits, not less. Plan design changes included nearly quadrupling annual deductibles (from $62 to $224) and shifting from fixed copays to percentage-based coinsurance.[3] The few patients who reached their cap received relief while the majority faced increased costs across the board.

This is what will happen in Oregon. Cost sharing caps provide concentrated benefits to patients on high-cost drug products subject to caps while dispersing increased costs across all members through higher premiums, deductibles, and cost sharing. The math is inescapable – when you cap costs in one place without reducing actual drug prices, they will reemerge elsewhere.

Out-of-Pocket Cost Caps Reward the Wrong Actors

The most troubling issue with out-of-pocket cap policies is they reward the very manufacturers driving unsustainable price increase while penalizing health plans, employers, and patients who had no role in setting these prices. Pharmaceutical manufacturers retain complete authority to set prices as high as they choose. They face no accountability or limitation under out-of-pocket cost cap policies and often benefit from them. When patients are made blind to price increases, manufacturers have carte blanche to raise them with no consequences. Meanwhile, health plans and employers are forced to absorb increases and pass them along through higher premiums or make difficult plan design changes. Policies promoted by the Board should create accountability for those setting prices, not shield them from market forces while shifting costs onto Oregon families and businesses.

[3] USC Schaeffer Center for Health Policy & Economics. (2025, June 19). *Medicare Part D drug costs and the Inflation Reduction Act*. USC Sol Price School of Public Policy. https://schaeffer.usc.edu/research/medicare-part-d-drug-costs-ira/

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Oregon Deserves Real Solutions
Regence is sensitive to the affordability concerns that consumers face at the pharmacy counter and works to insulate our members from skyrocketing drug prices as much as possible. However, if unsustainable drug price increases remain unaddressed, the root of the affordability crisis will persist. Out-of-pocket cost caps will merely treat symptoms while worsening the underlying disease.

We strongly urge the Board to reject out-of-pocket cap proposals and instead focus on solutions that address the fundamental problem: excessive drug pricing by manufacturers. Only by tackling actual drug costs can we achieve sustainable affordability for all Oregonians.

As a starting point, we have two policy solutions for the Board to consider:

- **Transparency Reporting as an Accountability Mechanism**
  We recommend the Board extend Oregon's existing drug price transparency reporting requirements to cover any drugs identified through the affordability review process, regardless of whether they meet the standard price increase threshold for reporting. Oregon's price transparency law has proven durable, withstanding legal challenges and provides a proven framework for accountability without directly increasing system-wide health care costs. By requiring manufacturers of these four products to report pricing justifications and cost data, the Board would create public accountability for the very actors who set these prices while avoiding the cost-shifting dynamics inherent in out-of-pocket caps. This approach addresses the root cause: manufacturer pricing decisions, rather than masking the problem through cost redistribution that ultimately raises premiums, deductibles and cost sharing to Oregonians.

- **Comprehensive Impact Studies Before Legislative Action**
  We also strongly encourage the Board to recommend that the state invest in rigorous studies examining outcomes and system-wide impacts of any future policy concepts with potential to disrupt costs or the supply chain before advancing any legislative recommendations. The Board's discussions around out-of-pocket caps have appropriately acknowledged the desire to alleviate the cost burden for patients at the pharmacy counter, but drug affordability extends far beyond this single encounter. Before submitting policy recommendation to the legislature that fundamentally restructure how drugs or drug costs flow through the

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health care system, the full scope of impacts should be thoroughly understood. This measured, evidence-based approach will ensure the Board's recommendations truly advocate for affordability and that the Board is not creating new problems while we try to solve existing issues.

The evidence is clear: out-of-pocket cost caps will increase costs, not reduce them. We urge you to pursue policies that address the real problem rather than policies that simultaneously hide and exacerbate costs.

Thank you for your time and consideration.

Mary Anne Cooper
Director of Government Affairs
Regence BlueCross BlueShield of Oregon