March 22, 2021

The Honorable Deb Patterson
Chairwoman
Oregon Senate Committee on Health Care
900 Court St NE
Salem, OR 97301

Dear Chairwoman Patterson,

You will soon consider a price control bill SB 844 for pharmaceuticals sold in Oregon. On behalf of the 32,510 members and supporters of the Council for Citizens Against Government Waste (CCAGW) in Oregon, I urge you to oppose this legislation.

SB 844 would create the Prescription Drug Affordability Board, a new agency that will review prescription drugs with an introductory wholesale acquisition cost (WAC) above certain price thresholds for both brand name and generic drugs. The board will conduct an “affordability review” and has the authority to “impose an upper payment limit on a prescription drug” sold in Oregon. The bill also establishes the Prescription Drug Affordability Stakeholder Council with up to 23 members appointed by the legislature and the governor to assist the board in carrying out its duties.

Establishing an upper payment limit is a price control and basing it on the WAC is a faulty premise. Price controls cause market distortions and never solve the problem they were intended to fix. The WAC is not what a patient would pay as it does not take into consideration the substantial discounts that private insurers, pharmacy benefit managers, pharmacies, and other stakeholders negotiate to lower prices for their customers.

CCAGW is also concerned that if this legislation should become law, Oregonians may not have access to some of the most innovative drugs being produced if the board and a biopharmaceutical company could not reach agreement on a price.

CCAGW has long opposed using price controls to lower drug prices. The United States leads the world in pharmaceutical research and development in large part because most pharmaceutical pricing is still negotiated in a free marketplace.

A better way to lower drug costs is for legislators to contact Oregon’s federal representatives and encourage them to hold the Food and Drug Administration’s feet to the fire for faster generic drug approvals, and create an environment that encourages more “me too” drugs that will foster competition among branded pharmaceuticals that are in the same class and still under patent.

Again, I urge you to vote against SB 844.

Sincerely,

cc: Members of the Senate Committee on Health Care