



February 2, 2018

The Honorable Peter Courtney
900 Court St. NE, S-201
Salem, Oregon 97301

The Honorable Tina Kotek
900 Court St. NE, Rm. 269
Salem, Oregon 97301

Dear President Courtney and Speaker Kotek:

Please oppose HB 4005, the flawed mandated reporting legislation that will interfere with our efforts to research, discover, and develop innovations that will have demonstrable benefits for patients in Oregon and beyond.

I am the CEO of an Oregon company working to develop a cure for drug-resistant diseases, which are a major threat to human health. DesignMedix has a malaria drug poised to enter human clinical trials this spring. HB 4005 would bring complexity, confusion and costs to innovative companies like ours working to improve human health, without providing any clear benefit to patients.

We are proud to be a part of an Oregon biotechnology sector that continues to make contributions to medical innovation and our local and state economies. Oregon has worked hard to build an environment where cutting edge researchers, first-class incubators and dynamic start-ups can all collaborate in a shared innovation mission. That commitment has not only led to medical breakthroughs, it has created a homegrown industry sector that generates almost \$1 billion in Oregon wages and contributes over \$10 billion worth of statewide economic impact.

Our company and our sector rely upon a stable policy environment in order to attract the private capital upon which we depend to fund our research. Unfortunately, HB 4005, and the proposals that have come before which exclusively target the biotech industry, contribute to instability and send a clear signal to potential investors that their capital is better and more safely deployed to other industries or other states. We have worked hard to build the Oregon biotechnology sector into what it is today, but HB 4005 threaten to roll back that progress.

HB 4005 imposes vague, yet complex reporting and compliance requirements for innovator companies like ours in Oregon. The bill fails to recognize the value of new therapies, and instead focuses solely (and arbitrarily) on the cost of drugs, with an incorrect perspective on the cost of research, development and clinical trials.

HB 4005 is particularly burdensome for small companies as it imposes costly reporting requirements, audits, and disclosures. As written, these requirements may be difficult, if not

impossible to comply with; particularly for companies that have yet to realize profits, and lack internal or external financial and compliance staff. Money and time devoted meeting arbitrary compliance requirements is time and money diverted away from research and innovation.

We also see HB 4005 as redundant and unnecessary as it is demanding information that is already publicly available. Extensive information, including list prices, rebate and related data at an aggregate level, average sales price paid for drugs covered by Medicare Part B, gross sales (before rebates) and net sales (after rebates), earnings, and more, is already publicly reported. Why then, is HB 4005 requiring the State of Oregon along with manufacturers to pay for information that can already be easily accessed?

We are also deeply concerned that, while our industry is being specifically targeted by HB 4005, other players in the drug supply chain are omitted. It is easy to see this bill as a boon for insurance companies and PBMs who will not have to disclose critical information such as where rebate revenue dollars paid to insurers end up. Without transparency from PBMs and insurance companies, it is impossible to see how HB 4005 will present a complete or true picture of drug costs.

Finally, it is important to look at this bill in terms of patient benefits/consumer benefits. There are none. This will not ease cost burdens for Oregonians, it will not improve health outcomes for Oregonians and may ultimately serve to disrupt medical innovation in the state that could contribute to improved treatments or cures.

Without clear policy goals or consumer/patient benefits, HB 4005 signals that Oregon is more interested in political punishment than patient protections or inviting investment to improve patient outcomes. The bill creates risks to manufacturers by requiring disclosure of proprietary, confidential or sensitive pricing data, but fails to provide meaningful information about the full supply chain or market prices.

On behalf of my company and our employees, I strongly urge you to reject HB 4005.

Sincerely,



cc:

The Honorable Ginny Burdick
The Honorable Jackie Winters
The Honorable Mike McLane
The Honorable Jennifer Williamson
Joint Ways and Means Committee Members
House Health Care Committee Members
Senate Health Care Committee Members