

June 30th, 2019 Oregon House Health Care Committee

Testimony in favor of HB 2696

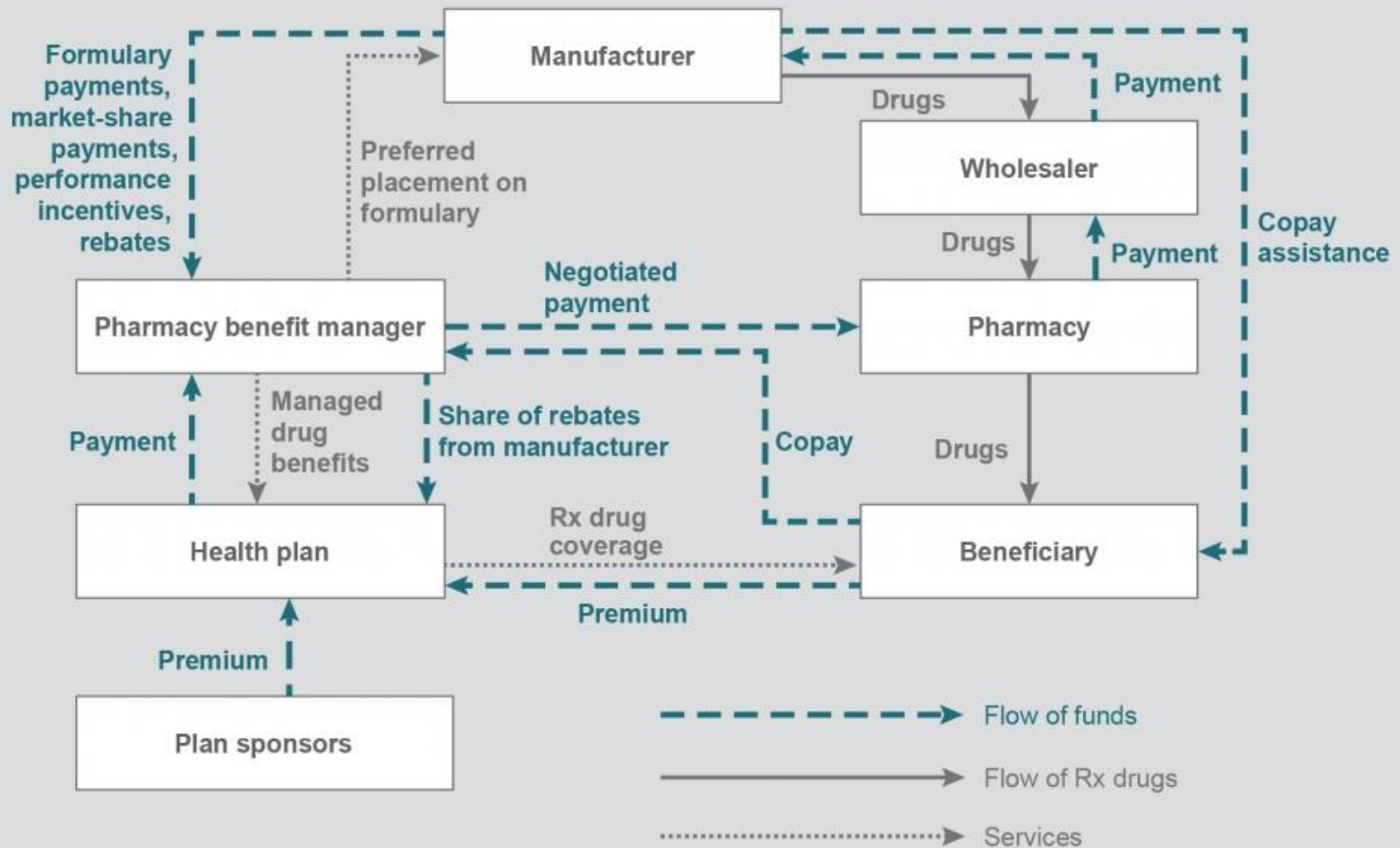
How do medications get from
manufacturer to patient?

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Oregon Physicians for a National Health Program

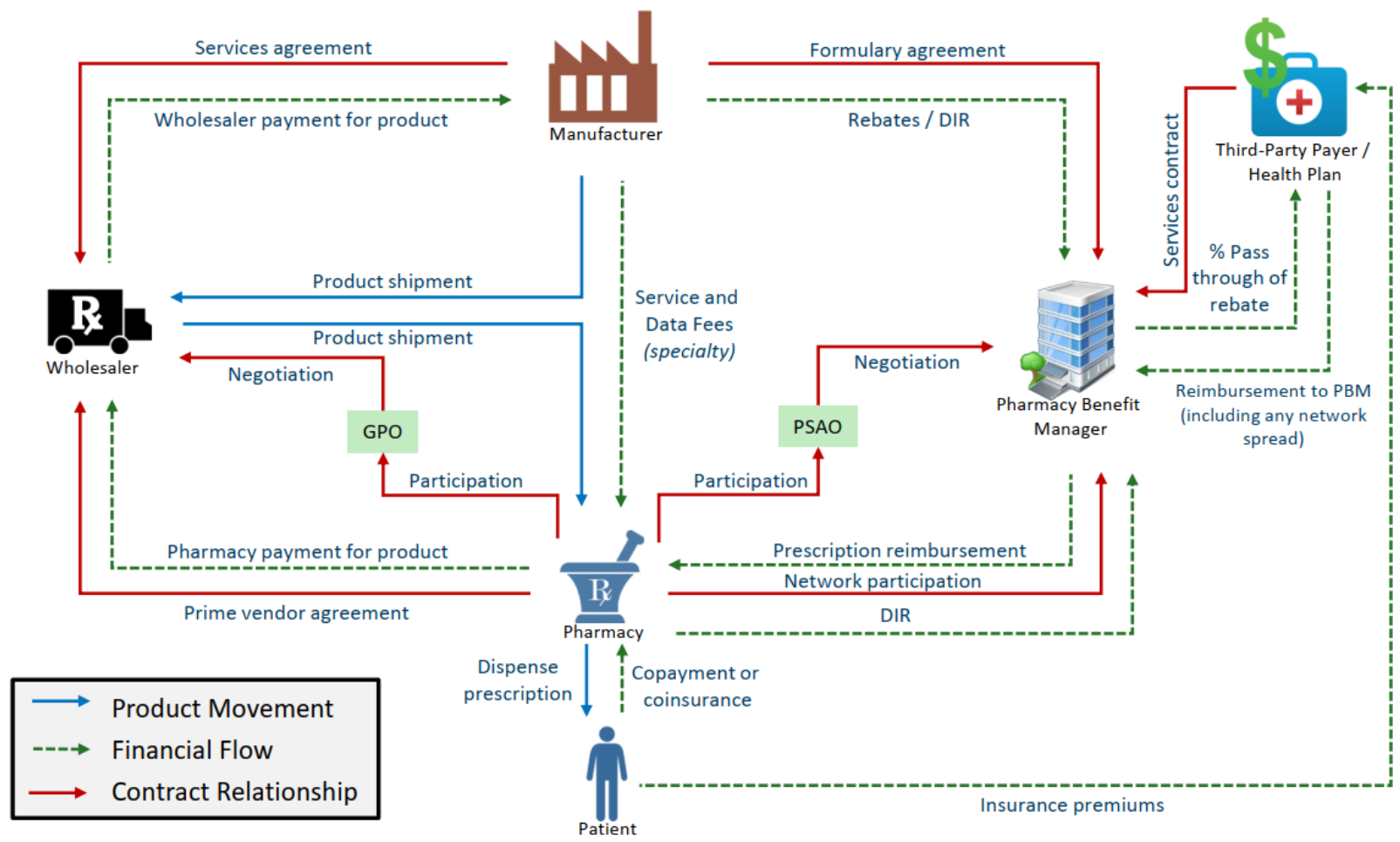
EXHIBIT 1

The Flow Of Products, Services, And Funds For Nonspecialty Drugs Covered Under Private Insurance And Purchased In A Retail Setting

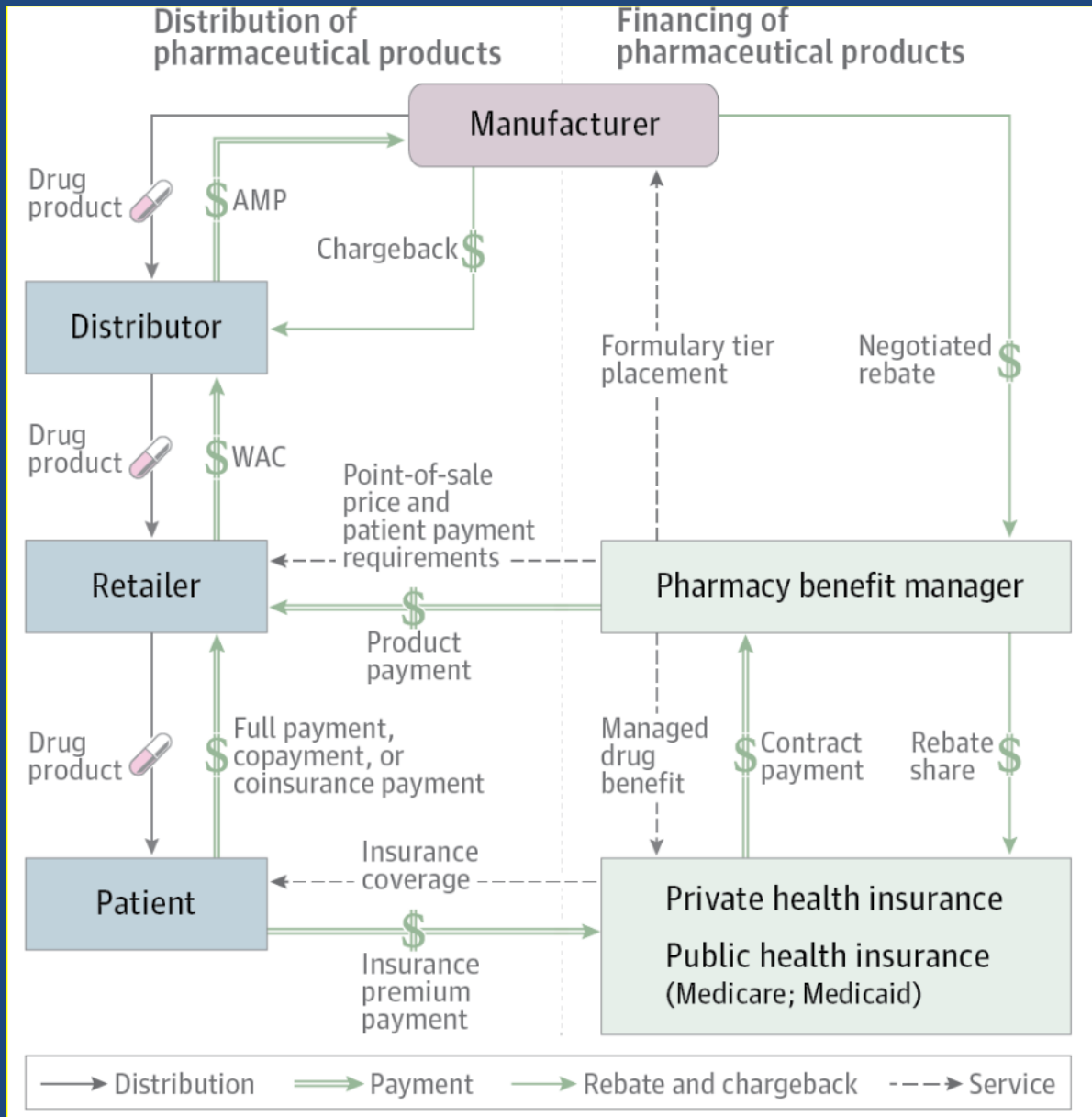


SOURCE Neeraj Sood, Tiffany Shih, Karen Van Nuys, and Dana Goldman, "Follow the Money: The Flow of Funds in the Pharmaceutical Distribution System," Health Affairs Blog, June 13, 2017.

U.S. Distribution and Reimbursement System: Patient-Administered, Outpatient Drugs



GPO = Group Purchasing Organization; PSAO = Pharmacy Services Administrative Organization; DIR = Direct and indirect remuneration
 Source: *The 2019 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers* (<https://drugch.nl/pharmacy>). Chart illustrates flows for Patient-Administered, Outpatient Drugs. Please note that this chart is illustrative. It is not intended to be a complete representation of every type of product movement, financial flow, or contractual relationship in the marketplace.



Conclusions

- In a complex system, players protect their box.
- In a complex system, innocuous changes produce innocuous benefits for patients (a.k.a. taxpayers).
- Significant benefit to patients requires significant change in the complex system.
- HB 2696 is a significant change.

