

Statement in Opposition to SB 844



Disrupting the drug supply chain in Oregon is too risky

The Oregon Pharmacy Coalition (Oregon State Pharmacy Association and Oregon Society of Health-System Pharmacists) acknowledges that the drug pricing system in the United States is broken and cost savings that do occur are often not passed on to patients. We applaud the authors of SB 844 for tackling a complex issue and their intent to lower prescription drug prices. However, as compelling as the concept sounds, pharmacists know that there will be grave consequences for pharmacies and patients. The Oregon Pharmacy Coalition opposes SB 844 for the following reasons:

- 1) Upper Payment Limits at the retail level will not reduce drug prices paid by most patients. Only a few patients pay full price for their prescriptions (5%). The vast majority have commercial or governmental insurance coverage for drugs with many different types of co-insurance. There will not be savings for patients with copays. For high-deductible plans, lowering the payment will only prolong the time until insurance deductibles are met. PBM contracts may not consider UPL prices in the calculation of co-insurance so patient savings may not be realized.
- 2) Pharmacies cannot withstand a drop in revenue without a change in how pharmacies are paid. Pharmacies are generally paid on a percentage of patient copay + PBM payment for drugs. This percentage has been reduced year after year. SB 844 will reduce drug prices which will reduce revenue to the pharmacy while fixed expenses remain the same. Many pharmacies are already on the edge of financial collapse. Pharmacies cannot sustain this loss to their already thin bottom line. When pharmacies fail, patients lose critical access to healthcare in their communities.
- 3) The proposed solution relies on the market to equalize quickly and make everyone whole. Pharmacies will be at the mercy of wholesalers and PBMs to adjust drug prices and payment. This simply will not occur. Oregon is a tiny fraction of the U.S. drug market. The payors, wholesalers, PBMs, and manufacturers involved are national, as is the current U.S. drug supply chain. Adjustments to market requirements in Oregon will likely be uncoordinated and inconsistent. There will be big losers along the way as well as large administrative costs involved. Small pharmacies cannot sustain the administrative burden required or the disruptions in payments which will likely occur. Just a small percentage disruption of payment vs. supply cost can put a pharmacy out of business.
- 4) Patients will have trouble accessing the drugs they need. The new drug supply chain created by SB 844 will create situations where individual drugs will not be sold to wholesalers and pharmacies until correct payment is assured by all parties. This will result in some drugs becoming unavailable to patients while this is worked out.

Oregon pharmacies and patients need support and a return to a dependable and sustainable drug supply system. The changes resulting from SB 844 are too risky and uncertain for pharmacies and patients of Oregon.

On behalf of the Oregon Pharmacy Coalition, we ask that you oppose SB 844.