



The Oregon Pharmacy Coalition supports HB 2462 which requires pharmacy benefit managers to amend contracts with community pharmacies and adjust reimbursement to account for costs incurred from new taxes, such as the corporate activity tax.

The Oregon Pharmacy Coalition is a collaboration between the largest two professional pharmacy organizations in Oregon - the Oregon State Pharmacy Association and the Oregon Society of Health-System Pharmacists. As a result, the Coalition has a diverse membership, and represents pharmacists across Oregon as well as those practicing in variety of areas. This includes, but is not limited to, community pharmacy, long-term care, hospitals, and outpatient medical offices.

Community pharmacies have been uniquely impacted by the corporate activity tax. Unlikely other businesses, the price paid by the consumer is determined by a pharmacy benefit manager (PBM) or other third-party payer, and not by the pharmacy itself. All PBM and third-party payers require that pharmacies charge consumers the amount outlined in the contracts (i.e., deductible, copayment, coinsurance), and explicitly prohibit additional amounts to be passed onto the consumer. Example verbiage from a contract states, *“The provider cannot waive, discount, reduce or increase the plan member copayment amount determined by the claims processing system”* and *“If the provider collects an amount in excess of the determined copayment, the payer contractually has the right to recover any excess from pharmacy payments and return them to the plan member.”* As a result, while drug wholesalers and manufacturers can pass along the impact of this tax to the pharmacy by increasing the cost of goods, the pharmacy is unable to pass along any of the cost tax burden to the consumer creating a double-tax situation.

The financial viability for many community pharmacies is precarious for numerous reasons, but the impact of the corporate activity tax has already been cited as a key driver in the decision for a chain retailer to discontinue pharmacy operations at 13 locations and in the closure of an independently-owned community pharmacy. Data specific to Oregon is not available; however, from 2003 to 2018, approximately 1200 independently owned rural pharmacies (16.1%) closed in the United States. During this time, 630 rural communities lost all access to a community pharmacy resulting in substantial barriers for patients to access health services and suboptimal health outcomes.

On behalf of the Oregon State Pharmacy Association and the Oregon Society of Health-System Pharmacists, we request your support of HB 2462 to require pharmacy benefit managers adjust reimbursement to account for this tax and help ensure that all patients have access to pharmacy within their community.