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February 22, 2021

The Honorable Deb Patterson
Chair, Senate Committee on Health Care
State Capitol
Salem, Oregon 97301

RE: Senate Bills 439 and 558 – Point of Sale Rebates and Mail order pharmacy

Dear Senator Patterson and members of the committee:

Providence Health Plan is committed to providing safe, affordable pharmaceutical coverage to our members. We are concerned that Senate Bills 439 and 558, as introduced, would limit our ability to provide pharmaceutical coverage to our members in the most cost-effective manner.

SB 439 (Point of Sale Rebates)

Providence Health Plan supports efforts to reduce pharmaceutical costs, but this policy will not reduce drug prices and will likely have unintended consequences on the overall cost of care. We are constantly negotiating with pharmaceutical companies to reduce the costs of drugs and pass those savings on to our members and clients in the form of reduced total premiums. By requiring point-of-sale rebates to be returned to the beneficiary instead of passed through in the premium, Oregon would create significant administrative complexity and expense, and constrain our ability to pass cost savings on to our members/employers through premium reduction from rebate return.

By passing the savings passed on to the individual instead of to premium reduction, all beneficiaries would see increases in premiums and greater than 90 percent of members would most likely see increases in cost sharing at the pharmacy. Pharmaceutical companies stand to gain the most from this bill passing – specifically this saves these companies hundreds of millions of dollars that they would not need to provide in co-pay assistance to members. (When rebates return to the members, this offsets the member's cost at the pharmacy because the rebate is returned to the member up to 85 percent.)

SB 439 is also troubling because Section 4 calls for a \$1 million per occurrence penalty provision. This penalty provision is not consistent with DCBS penalty authority found in ORS 731.988 for violations of the Oregon Insurance Code. Although Providence Health Plan does not support passage of this bill, any enforcement authority should default to the standard provisions found in ORS 731.988.

SB 559 (Mail order Rx)

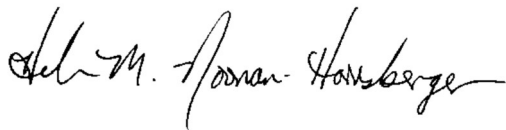
Cost is a significant concern with regards to pharmaceutical coverage, and as such, Providence Health Plan strives to deliver services to our members in the most cost-effective manner possible.

It is important that we maintain our authority as a state to leverage cost savings, particularly as they relate to the cost of pharmaceutical costs – mail order and retail pharmacy network contracting is an important lever. Providence supports maintaining sufficient access to retail pharmacies to allow for immediate medication availability. However, eliminating management of prescriptions toward mail order is counterproductive to our affordability goals because mail order pharmacies are able to deliver prescription drugs to members at lower costs than retail pharmacies due to their structure and they are often more convenient. Brand name drugs are 7-11% less through mail order and proven to reduce the cost of care in Oregon – critical to our efforts to maintain an annual cost growth of 3.4%.

In the face of rising pharmaceutical costs it is irresponsible to discourage the use of a mechanism that delivers services to members at a lower cost. Restricting the use of mail order pharmacies will harm Oregonians by increasing the cost of their health insurance premiums.

Thank you for the opportunity to provide our input; we look forward to further discussion.

Sincerely,

A handwritten signature in black ink that reads "Helen M. Noonan-Harnsberger". The signature is written in a cursive style with a large initial 'H' and 'M'.

Helen Noonan-Harnsberger, Pharm.D, VP, Pharmacy for Providence Health Plans