

Submitter: Joshua Dahlenburg

On Behalf Of:

Committee: House Committee On Behavioral Health and Health Care

Measure: HB3013

Chair Nosse, Vice-Chairs Goodwin and Nelson, Members of the Committee:

Oregonians need access to prescription drugs. Nearly every one of your constituents lives in a part of Oregon that has limited options and continues to see the problem worsen because of Pharmacy Benefit Manager (PBM) practices. I am an Oregon licensed pharmacist and I am submitting written testimony in support of PBM bills HB 3012, HB 3013 and HB 3015.

These bills will save lives in Oregon. They will:

Require that PBMs be licensed by the Department of Consumer and Business services.

Establish a dedicated FTE to regulate their business practices in Oregon.

Additionally, to combat unfair reimbursement practices that are driving pharmacies out of business, this bill will require that pharmacies are reimbursed at the same rate as fee-for-service Medicaid, which sets its rates to reimburse pharmacies only for the costs they incur for filling a prescription.

This reimbursement provision will also add some level of transparency to prevent spread pricing.

Other provisions, such as requiring that PBMs do not retaliate against pharmacies for trying to enforce fair business practices, regulating remote or desk audits, and preventing excess fees for submitting claims, will help prevent PBMs from shifting their current practices to other practices that are unforeseen at this time.

PBMs are companies that manage prescription drug benefit programs for health plans. PBMs promote themselves as saving health plans and their covered members money, which helps them avoid regulation and so they keep their negotiations and the discounts or rebates they get from drug companies are very secretive.

PBMs commonly pocket funds that ought to be used to lower drug prices or lower copays. The common practice known as "spread-pricing" enables the PBMs to charge health plans higher prices than the PBM is paying to pharmacies, yielding additional unknown profits.

Reimbursement issues remain the biggest threat to community pharmacy viability, thus one of the biggest threats to patient access. Underwater reimbursement and

non-transparent and outdated maximum allowable cost (MAC) lists, which reimbursements in most health plans and programs are based on, remain two of the biggest problems. Pharmacies are constantly reimbursed below drug acquisition cost and the cost to dispense regardless of the health plan or program because of PBM business practices.

Not only are pharmacies too often reimbursed below their cost at the time they fill a prescription, but they are also subject to retroactive claims reductions, or DIR fees. DIR fees are assessed weeks or even months after a prescription is filled. This practice further reduces reimbursements while providing little, if any, transparency, while straining pharmacy operations.

Yes the previous is a form letter, but listen to us as a rural location we are going to need change. We have seen the loss of a major rural chain Bi-mart leaving many patients with limited pharmacies to chose from. The Pharmacies that are left are running very short staffed as its hard to compete wages with large chains in bigger cities. We also don't have large front ends to offset the losses in Prescription business. With Inflation running away we have no ways to regulate our incoming dollars. We can not raise prescription pricing as we are set to what the PBM's pay us. This is leaving us with very little to manage and run our business. Talk to any Independent pharmacy owner ask them about how many prescriptions we give out that are actually loosing money because the PBM will not reimburse more than we are paying for the medication. However if we choose not to fill that prescription because we will loose money then the patient suffers and we violate the contract with the PBM with possible repercussion based off how the contract is written. Much more could be said but space is limited. Change must happen for the future Independent Pharmacies.