



Written Testimony for HB 2725

House Healthcare Committee

900 Court St. NE, Salem 97301

Chair Nosse, Vice Chairs Goodwin & Nelson, Members of the Healthcare Committee,

The Oregon State Pharmacy Association and the Oregon Society of Health-System Pharmacist are in support of HB 2725 which will prohibit Pharmacy Benefit Managers from imposing fees on rural pharmacies after point of sale. These are better known as DIR (direct and indirect remuneration) fees or “clawbacks.”

These DIR fees can be charged to a pharmacy months after the transaction took place. The accompanying one-page documents from the National Community Pharmacist Association (NCPA) provide details on how the DIR fees are charged months following the transaction. Both retail and specialty pharmacies are affected by DIR fees. The fees create losses in revenue that, at times, may surpass the acquisition cost of the drug itself.

The issue of PBMs and DIR fees is well-documented across the country. Multiple states have already, or are in the process of, creating legislation to address this problem. Senator Ron Wyden has tried to fix DIR fees at the federal level, but Oregonians cannot wait on the federal government to act.

Community pharmacies are continuing to go out of business. According to the National Community Pharmacist Association Annual Digest, Oregon had 248 independent pharmacies in 2008. Last year, we only had 90 remaining. Most of these independent pharmacies were in rural areas.

Patients need access to drugs! Oregonians, particularly those in rural areas, are experiencing challenges getting their medications. These patients are experiencing significant wait times, reduced operating hours for pharmacies, and the aforementioned closure of businesses.

You have a chance to help fix the larger problem...eliminate DIR fees in Oregon!

Please support HB 2725, so we can help save our pharmacies and help Oregon patients.

HOW PHARMACY DIR* FEES WORK

*Direct and Indirect Remuneration

#1

RPh



Pharmacist dispenses medicine to patient

DAY 1

#2

RPh receives

IN BOX

Wholesaler Invoice

For: Drug

Pay \$90



& reimbursement for the drug from PBM

DAY 14

#3

RPh receives from PBM

DIR Fee Deduction Notice

For: Drug

Return \$15

DIR clawback for medication already dispensed

DAY 90

#4

RPh



Pharmacy Balance Sheet

Bought Drug: \$90

Reimbursed: \$95

DIR Fee: (-\$15)

Net Reimbursement: \$80

Net Loss: (-\$10)

FINAL ACCOUNTING

HOW RETROACTIVE PHARMACY DIR* FEES HURT MEDICARE PATIENTS & TAXPAYERS

*Direct and Indirect Remuneration

#1

AT THE PHARMACY COUNTER

Medicare-enrolled seniors pay pharmacies a co-pay for medications,



while the full price of the drug is credited against the patient's coverage limit.



#2

WEEKS OR MONTHS LATER

PBM



The PBM administering Medicare's prescription benefit decides to take back a portion of the pharmacy's reimbursement for the actual costs of the patient's medication.

#3

PBM

THE RESULT

The original higher price - not the adjusted price - is still counted against the patient, pushing her more quickly into Medicare's "doughnut hole" coverage gap, in which she becomes responsible for a much greater portion of her prescription costs.



#4

...as the patient's health care expenses mount, she'll be pushed out of the doughnut hole...

John Q. Taxpayer



...and into Medicare's catastrophic coverage phase, in which taxpayers are now on the hook for 80% of her health care expenses.

EVENTUALLY

The Federal Government

