

Oregon State Legislature
House Committee on Behavioral Health and Health Care
900 Court Street NE
Salem, OR 97301

Members of the Committee,

Pharmacy services in Oregon are under a serious threat. As the Director of Pharmacy Services for Mosaic Medical, a Health Center that serves low-income Oregonians, I have seen the impact of low pharmacy reimbursement in the communities we serve. I am respectfully submitting written testimony in support of PBM bills HB 3012, HB 3013, and HB 3015.

In April 2022, we opened a community pharmacy in Madras, a community that had previously had three pharmacies. Due to low PBM reimbursement for prescriptions, two of the pharmacies in the community of Madras have closed in the last two years, leaving services strained. A large portion of our prescriptions are reimbursed at a LOWER rate than the cost we paid to purchase the drug, leaving small pharmacies struggling to pay staff and cover overhead. We have seen a swath of independent pharmacies closing throughout the state, threatening the health of small, rural communities. According to the 2008 National Community Pharmacy Association (NCPA) Annual Digest Report there were 248 independent pharmacies in Oregon. In 2022, there were only 90 independent pharmacies remaining.

As a Health Center, we are fortunate enough to participate in 340B, a federal program allowing us access to discounted medications for our patients. We use the saving from this program to be able to provide care for patients who are unable to pay for services. This program is critical to our ability to carry out our mission. We have already seen threats to the 340B program, with a PBM notification earlier this year that they would pay 340B pharmacies at a different rate than other pharmacies- a direct violation of Oregon state law.

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.

The PBM bills being reviewed this session will protect the health of our communities and will save lives in Oregon. They will require that PBMs be licensed by the Department of Consumer and Business services and 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.

Because pharmacies have essentially no competitive bargaining power when “negotiating” a contract with PBMs they are usually forced to accept all contract terms-even those terms that are unfair and arbitrary. Considering three PBMs monopolize the marketplace and cover over 76% of insured lives, a pharmacy cannot refuse a contract when potentially up to 50% of their patients would be covered by the contract. These “take it or leave it” contracts are full of provisions that seem more anti-competitive in nature than for patient safety or program integrity.

Oregon has already taken strides to protect pharmacies and patients against the unfair business practices of PBMs, but these protections have not gone far enough. We are still threatened, pharmacies are still closing, and we are paying more to purchase medications than we are being paid in reimbursement. We are asking for your sincere consideration of the provisions included in these bills. These protections will improve the health and safety of our communities and the patients we care for in Oregon.

Thank you sincerely for your consideration,
Melissa Brewster, PharmD
Director of Pharmacy Services
Mosaic Medical