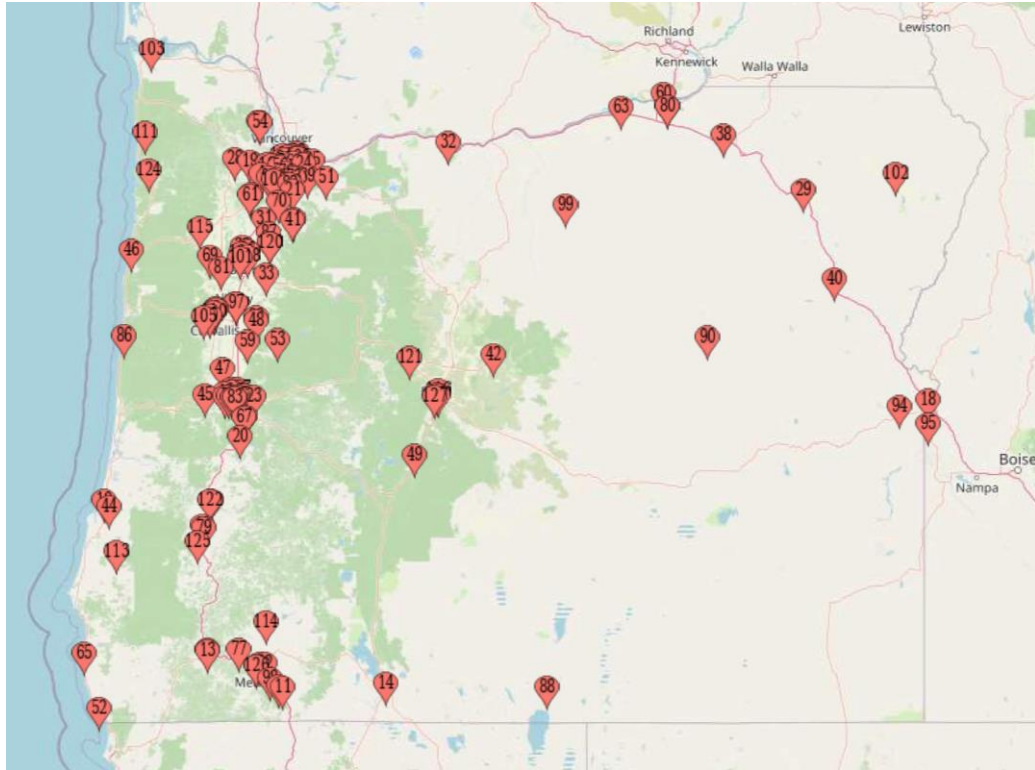




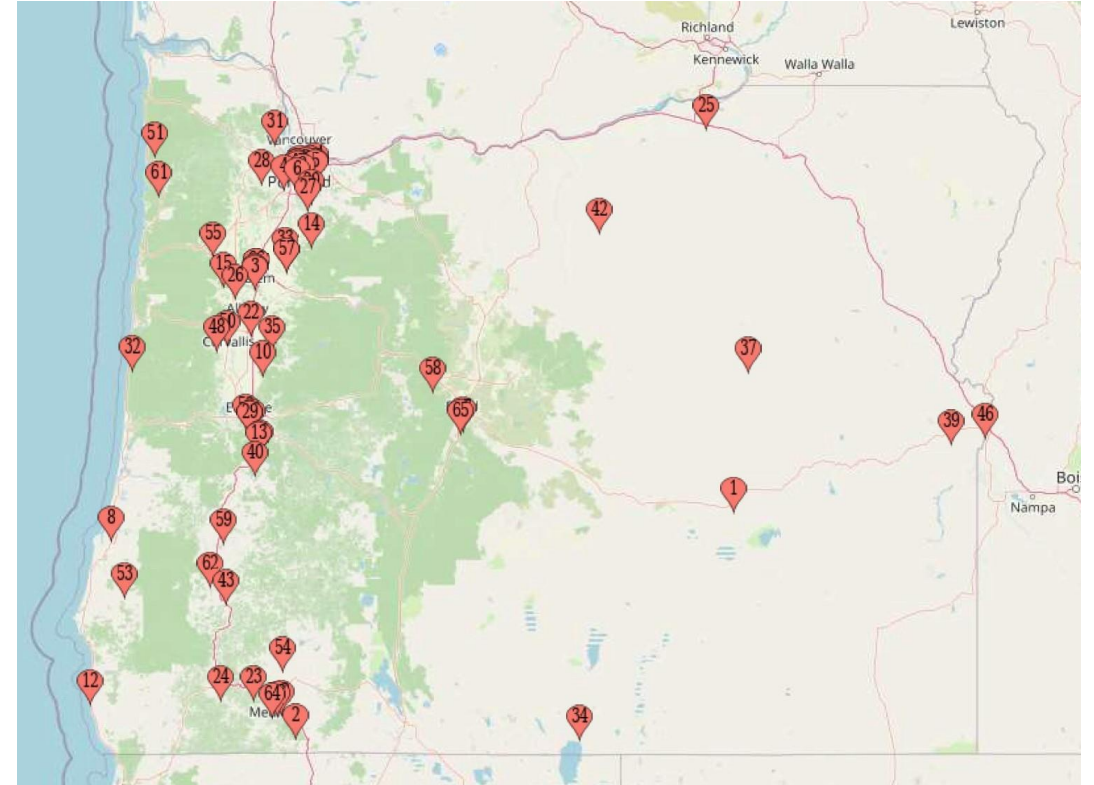
HB 4149

Pharmacy Benefit Manager (PBM) Reform and Transparency

Oregon's Independent Pharmacies



2018



2023 January

Prescription Drug Supply Chain – with PBM

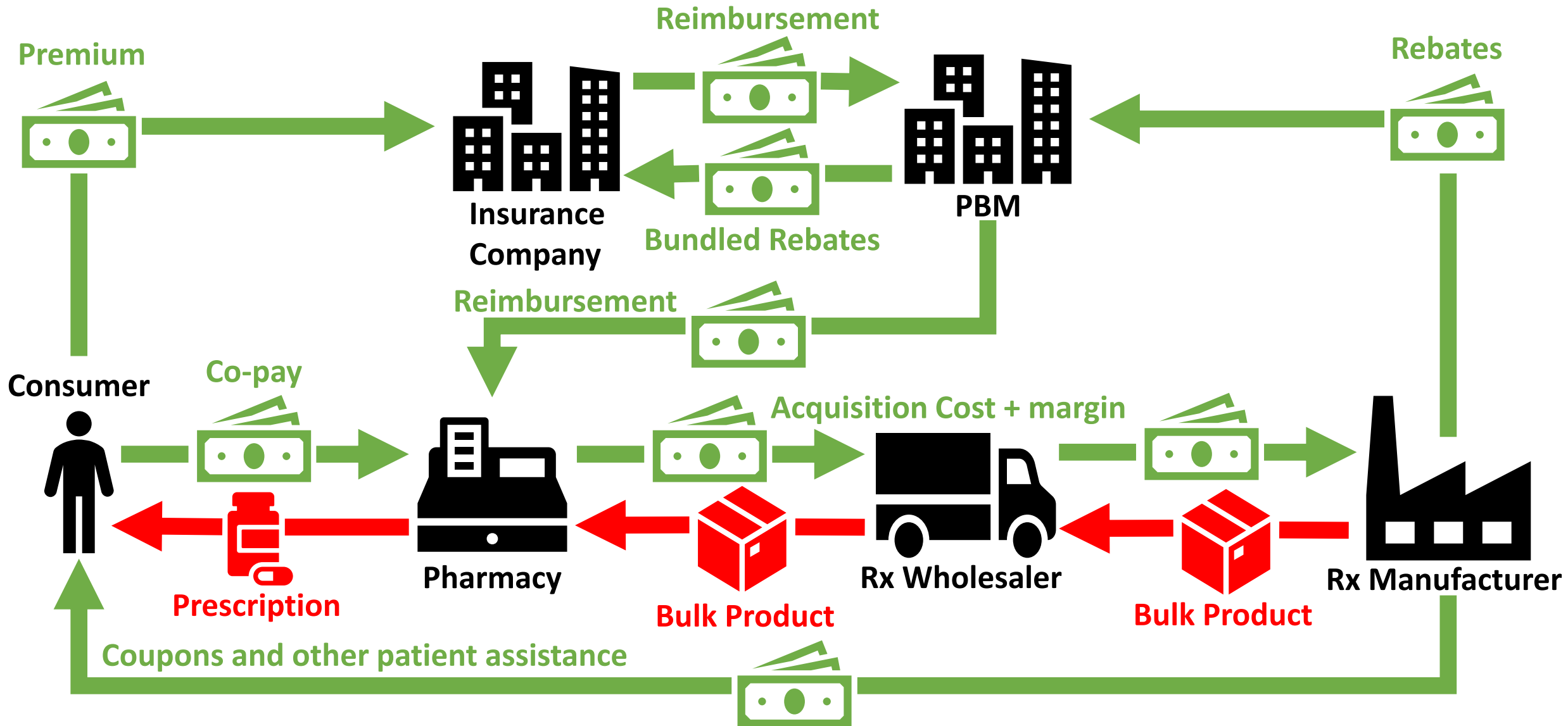
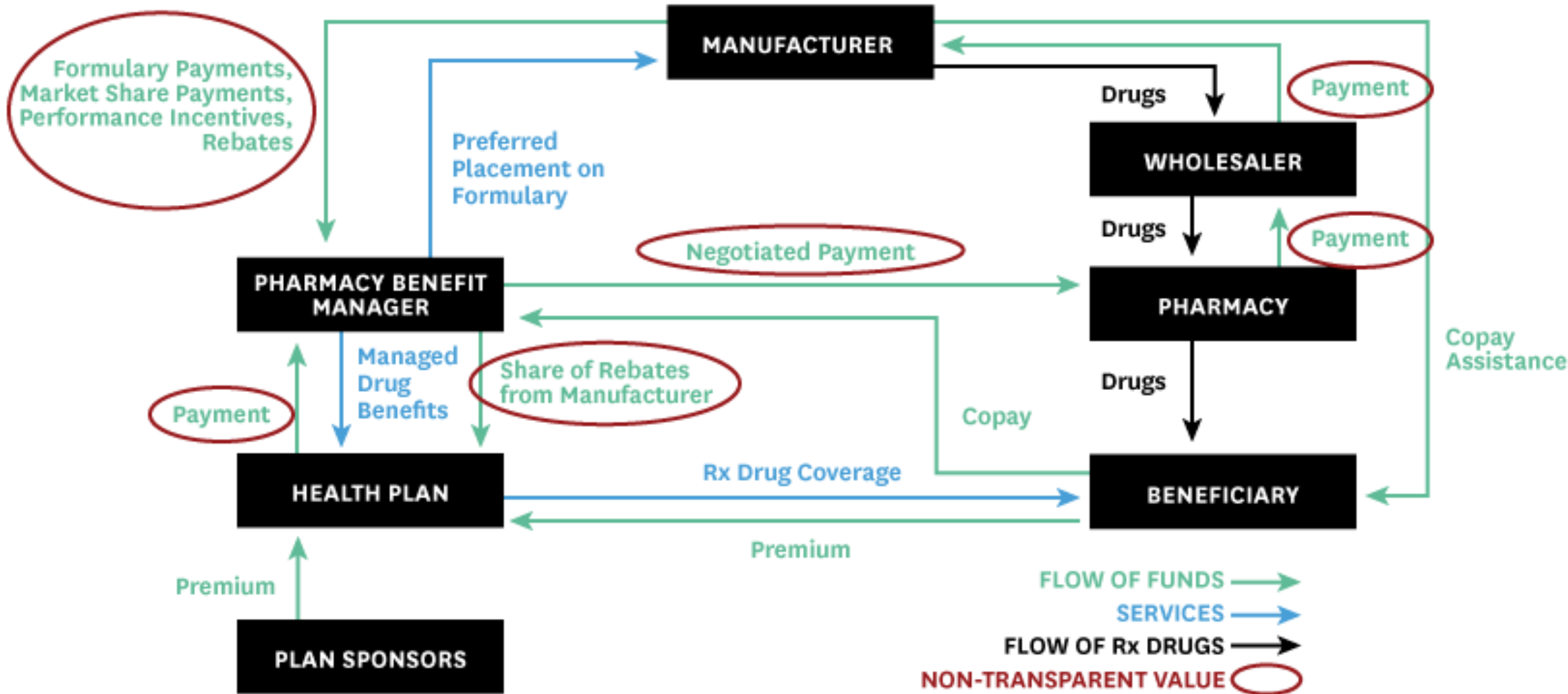


Figure 1: Unknown Flows of Funds in Drug Distribution System



Vertical Business Relationships Among Insurers, PBMs, Specialty Pharmacies, and Providers, 2022



1. In September 2022, CVS Health announced its acquisition of Signify Health. The transaction is expected to close in 2023.

2. Since January 2021, Prime's Blue Cross and Blue Shield plans have had the option to use Express Scripts or AllianceRx Walgreens Prime for mail and specialty pharmacy services. On Dec. 31, 2021, Walgreens purchased Prime Therapeutics' 45% ownership interest in AllianceRx Walgreens Prime, so this business has no PBM ownership in 2022. Effective June 2022, the company has been known as AllianceRx Walgreens Pharmacy.

3. In 2021, Centene has announced its intention to consolidate all PBM operations onto a single platform and outsource its PBM operations to an external company.

4. In 2021, Centene sold a majority stake in its U.S. Medical Management to a group of private equity firms.

5. Since 2020, Prime has sourced formulary rebates via Ascent Health Services. In 2021, Humana began sourcing formulary rebates via Ascent Health Services for its commercial plans.

6. Cigna also partners with providers via its Cigna Collaborative Care program.

7. In 2022, Humana announced an agreement to divest its majority interest in Kindred at Home's Hospice and Personal Care Divisions to Clayton, Dubilier & Rice. In 2022, Kindred at Home was rebranded as CenterWell Home Health.

Source: [The 2022 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers](#), Exhibit 212. Companies are listed alphabetically by insurer name. Published on [Drug Channels \(www.DrugChannels.net\)](#) on October 13, 2022.

What this bill does:

HB 3013 (2023)

- ❑ Regulatory reform: licensure, anti-discrimination, anti-retaliation, fair appeals process, any willing pharmacy, no clawbacks or extra fees
- ❑ Reimbursement formula: cost of ingredients of a drug + dispensing fee

HB 4149 (2024)

- ❑ Regulatory reform: licensure, anti-discrimination, anti-retaliation, fair appeals process, any willing pharmacy, no clawbacks or new extra fees
- ❑ Reimbursement formula revisited: reduced dispensing fee, and applies only to CAPs and 9 or fewer locations
- ❑ NEW: Transparency reporting requirements ([SOS Report # 23-25](#))

Recommended Amendment



Exclude ERISA health benefit plans



Cost concerns. Reimbursement removed from the bill, but plan future work to study how drug supply chain impacts the costs of drugs and address how pharmacies can be reimbursed fairly and adequately

What this bill does:

HB 4149 (2024)

- ❑ Regulatory reform: licensure, anti-discrimination, anti-retaliation, fair appeals process, any willing pharmacy, no clawbacks or new extra fees
- ❑ Reimbursement formula revisited: reduced dispensing fee, and applies only to CAPs and 9 or fewer locations
- ❑ NEW: Transparency reporting requirements ([SOS Report # 23-25](#))

HB 4149 (2024) with amendment

- ❑ Regulatory reform: licensure, anti-discrimination, anti-retaliation, fair appeals process, any willing pharmacy, no clawbacks or new extra fees
- ~~❑ Reimbursement formula revisited: reduced dispensing fee, and applies only to CAPs and 9 or fewer locations~~
- ❑ NEW: Transparency reporting requirements ([SOS Report # 23-25](#))
- ❑ + Bill exempts entities under federal ERISA law