



## OREGON'S RURAL PHARMACIES

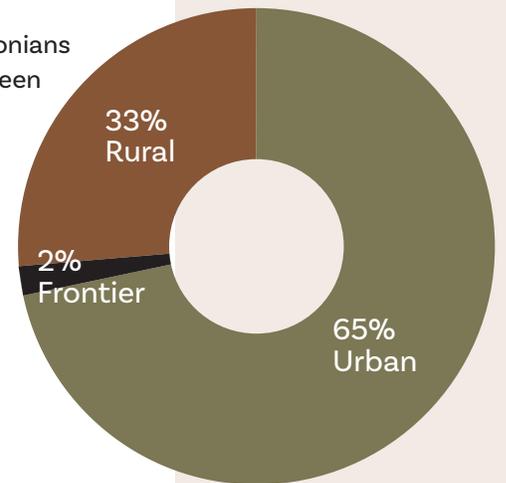
### VISION:

Ensure a critical lifeline for rural communities by supporting a vibrant network of pharmacies in rural Oregon that provide immediate and improved access to life-saving medications.

### CHALLENGE:

The current program to efficiently deliver life-saving medications to rural Oregonians can be improved. Pharmacy Benefit Managers (PBMs), the intermediaries between the drug manufacturers and pharmacies, make it difficult for community pharmacies to sustainably exist and the closures are causing hardship.<sup>1</sup>

Oregon is 295 miles in distance from north to south and 395 miles from east to west. With an area of 98,381 square miles, Oregon is the ninth-largest state in the United States. Oregon is just over 86% rural in geography. The Oregon Office of Rural Health (ORH) defines rural as any geographic area that is ten miles or more from a population center of 40,000 people or more. Frontier counties are those with six or fewer people per square mile. Of Oregon's 36 counties, 10 are designated by ORH as frontier. Using 2023 Claritas data, 33% (1,405,705) of Oregon's population lives in rural areas, 2% (96,950) in frontier, and 65% (2,793,066) in urban areas.<sup>2</sup>



*The town of Condon, where one locally-owned pharmacy serves all of Gilliam County, an area encompassing more than 1,223 square miles.*



*An unincorporated community in Lane County, Swisshome residents must drive 30 miles one way to access the nearest pharmacy in Florence.*

<sup>1</sup> Antonio Sierra, Oregon Public Broadcasting, Rural Oregon pharmacies fear closure without further health care industry regulation, February 3, 2023, <https://www.opb.org/article/2023/02/03/rural-pharmacy-oregon-bill-pbm/#:~:text=According%20to%20data%20compiled%20by,decrease%20came%20from%20independent%20pharmacies.>

See also, Kandra Kent, Fox 12, "Years of Pharmacy closures forcing rural Oregonians to drive farther for prescriptions," February 14, 2023, <https://www.kptv.com/2023/02/14/years-pharmacy-closures-forcing-rural-oregonians-drive-farther-prescriptions/>, accessed July 28, 2023.

<sup>2</sup> Emerson Ong, Oregon Office of Rural Health, About Rural and Frontier Data, <https://www.ohsu.edu/oregon-office-of-rural-health/about-rural-and-frontier-data>, accessed July 8, 2023.

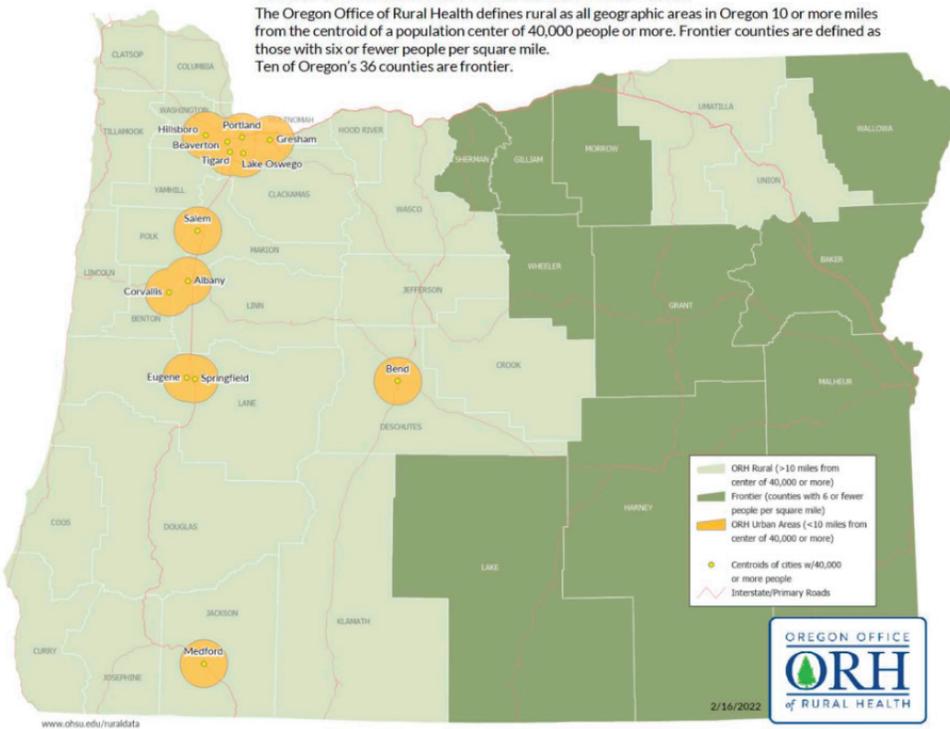
## THE HAVE AND HAVE NOTS

The Oregon State Pharmacy Association (OSPA) released a study in 2022 to explain the disproportionate impact on rural Oregonians: “The higher the median income of the individuals in the geographic area of the pharmacy, the greater the average gross margin was likely to be—potentially demonstrating how pharmacies would be better served financially by investing in wealthier communities, and conversely, by avoiding more impoverished areas of Oregon.”<sup>3</sup> Thirty percent of the pharmacy closures between 2013-2023 were in rural Oregon and the closures are likely to increase in the future, as described by the OSPA 2022 study.<sup>4</sup>

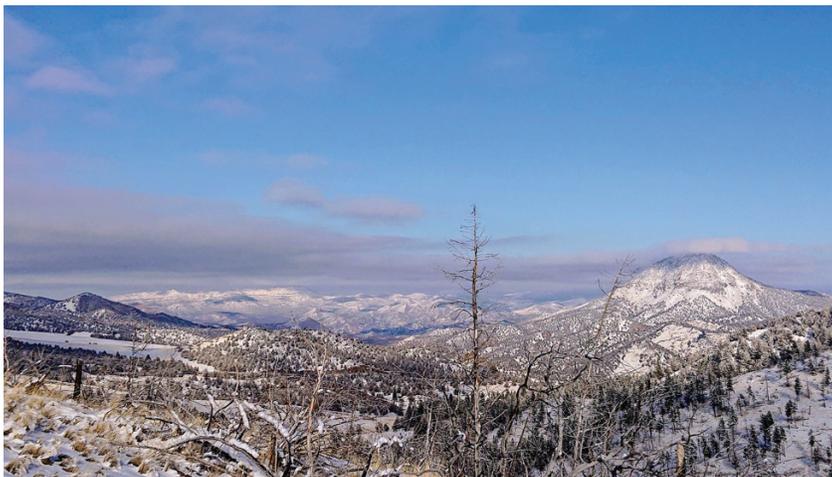
A pharmacy closure in rural Oregon means no immediate access to life-saving drugs in that location.<sup>5</sup> If you or your family member is having an asthma attack from incoming wildfire smoke, for example, it does not work to wait one to three days for the inhaler to arrive in the mail or to drive many hours to a pharmacy (assuming you even have access to a car or can take time off work your ranch or farm to make the drive during business hours).<sup>6</sup>

### WHAT IS CONSIDERED RURAL AND FRONTIER?

The Oregon Office of Rural Health defines rural as all geographic areas in Oregon 10 or more miles from the centroid of a population center of 40,000 people or more. Frontier counties are defined as those with six or fewer people per square mile. Ten of Oregon’s 36 counties are frontier.



The Oregon Office of Rural Health map of rural and frontier designations in Oregon.



*Seated along Highway 26 in Wheeler County, the city of Mitchell is 48 miles northeast of the nearest pharmacy, located in Prineville, and 69 miles west of the pharmacy in John Day.*

<sup>3</sup>Antonio Sierra, Oregon Public Broadcasting, Rural Oregon pharmacies fear closure without further health care industry regulation, February 3, 2023, <https://www.opb.org/article/2023/02/03/rural-pharmacy-oregon-bill-pbm/#:~:text=According%20to%20data%20compiled%20by,decrease%20came%20from%20independent%20pharmacies.> See also, Kandra Kent, Fox 12, “Years of Pharmacy closures forcing rural Oregonians to drive farther for prescriptions,” February 14, 2023, <https://www.kptv.com/2023/02/14/years-pharmacy-closures-forcing-rural-oregonians-drive-farther-prescriptions/>, accessed July 28, 2023.

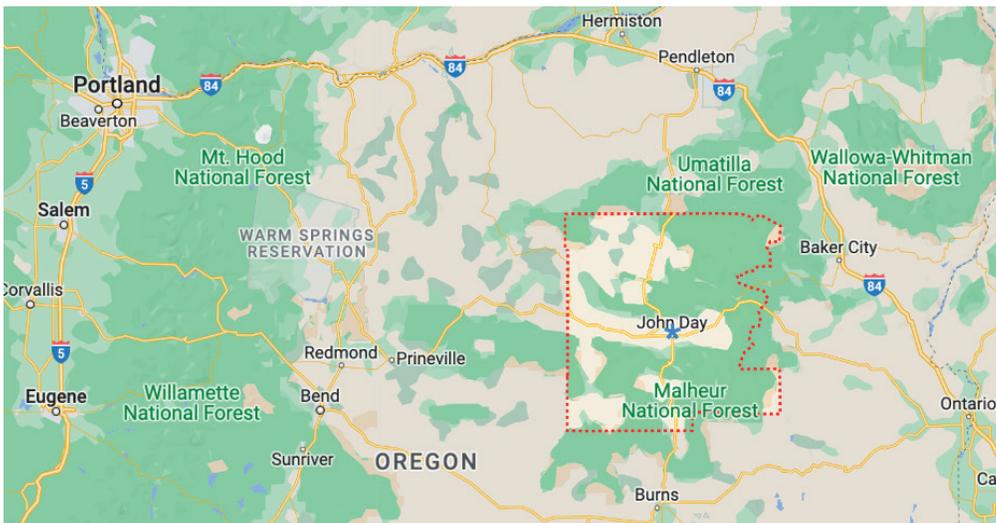
<sup>4</sup>See report to pharmacy closure list, 2023.08.02 Pharmacy Closures List 2012-2023. See also, the total number of pharmacies, 2023.08.02 - Public Records Request - Retail Pharmacies in Oregon by Year 2013-8.2023.xlsx. Reports provided by Christy Hennigan, Licensing Manager, Oregon Board of Pharmacy, August 2, 2023

<sup>5</sup>April Ehrlich, February 7, 2022, OPB, Rural Oregonians struggle to get medications as pharmacies close, link <https://www.opb.org/article/2022/02/07/rural-oregonians-struggle-to-get-medications-as-pharmacies-close/>, accessed August 20, 2023.

<sup>6</sup>Mail order is not the solution for three reasons: (1) it is not responsive to emergencies, (2) it eliminates the pharmacist conversations with the patient about correct medication usage, (3) the United States Postal Service does not deliver packages that fail to fit in the mailbox to the door of any home that is more than .5 miles from the established postal box, and (4) some medications are not available via mail order.

In general, rural and frontier communities have a very low median income and live in remote locations. As a result, they are especially vulnerable to the challenges associated with pharmacy closures. Three Counties in Oregon exemplify the situation: Grant, Josephine, and Wasco Counties. In Grant County, if the one pharmacy remaining in John Day closes 8,000 people will have to drive to Burns (71 miles one way), Baker City (80 miles one way), or Prineville (116 miles one way). In Josephine County, with a total of 1,642 square miles and 90,000 people, the problem is acute because there are currently no pharmacies outside of Grants Pass. Wasco County, which covers 2,395 square miles and over 25,000 people, currently has pharmacy locations only in The Dalles.<sup>7</sup>

The existing laws that govern PBMs have failed to tackle the problem adequately.<sup>8</sup> As investigative reporter Shane Ersland explains, “DCBS [Division of Financial Regulation at the Department of Consumer and Business Services] has the authority to deny, suspend, or revoke a PBM registration for violations. It can also leverage a fee of up to \$10,000 per violation of the insurance code. However, it hasn’t actually tested that authority at any point in recent years.”<sup>9</sup>



### Grant County

Encompassing 4,529 square miles, Grant County has just one pharmacy. If the pharmacy in John Day were to close, the 8,000 people living in the county would be required to travel to Burns (71 miles one way), Baker City (80 miles one way), or Prineville (116 miles one way) to fill a prescription.



The town of Wasco, in Sherman County, where there are no pharmacies and residents must drive across the Gorge and into Washington, to reach the Goldendale Pharmacy 30 minutes north.

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Wasco County, which covers 2,395 square miles and over 25,000 people, currently has pharmacy locations only in The Dalles.

<sup>7</sup> See the Oregon Board of Pharmacy list of registered pharmacies [https://www.oregon.gov/pharmacy/Documents/List\\_of\\_Registered\\_Pharmacies.pdf](https://www.oregon.gov/pharmacy/Documents/List_of_Registered_Pharmacies.pdf).

<sup>8</sup> See the laws ORS 735.005, [https://www.oregonlegislature.gov/bills\\_laws/ors/ors735.html](https://www.oregonlegislature.gov/bills_laws/ors/ors735.html), and OAR 836-200-0401, [https://oregon.public.law/rules/oar\\_836-200-0401](https://oregon.public.law/rules/oar_836-200-0401), accessed July 28, 2023.

<sup>9</sup> Shane Ersland, State of Reform, Series of bills would provide additional regulation of PBMs in Oregon, January 25, 2023, <https://stateof-reform.com/featured/2023/01/series-of-bills-would-provide-additional-regulation-of-pbms-in-oregon/>, accessed July 28, 2023.

## ACCOUNTABILITY AND TRANSPARENCY

No new laws have been passed to address the issue. Oregon State Representative Nathanson (D-Eugene), with Republican Senator Findley (R-Vale) and a robust group of bi-partisan legislators, created three bills that failed to pass in 2023 that would have required PBMs to report their costs and drug rebate figures, create a new position in the DCBS to regulate PBMs and limit reimbursement and clawback fees.<sup>10</sup> At the national level, Senator Cantwell (D-WA) and Grassley (R-IA) co-sponsored the Pharmacy Benefit Manager Transparency Act of 2022, which has also failed to pass.

The PBMs are a powerful force to be reckoned with, which is likely the reason why the proposed legislation is not passing, and current laws are not getting enforced. In 2023 the PBM trade association increased federal lobbying spending to \$8.7 million nationally with the express purpose of killing the Cantwell/Grassley effort (Oregon-specific lobbying data is unavailable).<sup>11</sup> The PBM industry is worth billions of dollars and will fight hard to stay in existence.<sup>12</sup> Absent clear solutions to the PBM model have created challenges in rural Oregon, and decision-makers, nonprofits, and agency leaders are hesitant to take on a large industry with deep pockets.



*Fossil is a picturesque town in Wheeler County, where there are no pharmacies within 1,715 square miles. The closest pharmacy for Fossil residents is in Condon, which hosts the only operating pharmacy in all of Gilliam County.*



*Malheur County is the second largest county by land mass in Oregon yet it has only two towns with pharmacies, including locally owned Malheur Drug, located in Vale.*



*The scenic Wallowa mountains are the backdrop of many of the smaller frontier communities in northeastern Oregon, including the community of Halfway where the closest pharmacy is 55 miles through the mountains to the southwest in Baker City.*

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The PBM industry is worth billions of dollars and will fight hard to stay in existence.

<sup>10</sup> See three bills that did not pass the Oregon Legislature - HB 3012, HB 3013, and HB 3015, [https://www.oregonlegislature.gov/bills\\_laws/listbills/CurrentSessionBills.html](https://www.oregonlegislature.gov/bills_laws/listbills/CurrentSessionBills.html), accessed July 28, 2023.

<sup>11</sup> Taylor Giorno, Open Secrets, Pharmacy benefit managers trade association increased federal lobbying spending amid drug pricing scrutiny, <https://www.opensecrets.org/news/2023/03/pharmacy-benefit-managers-trade-association-increased-federal-lobbying-spending-amid-drug-pricing-scrutiny/>, accessed July 28, 2023.

<sup>12</sup> Chairman James Comer (R-Ky), Press Release, May 23, 2023, Pharmacy Benefit Managers Are Making Billions at the Expense of Patients and Taxpayers, link <https://oversight.house.gov/release/comer-pharmacy-benefit-managers-are-making-billions-at-the-expense-of-patients-and-taxpayers%EF%BF%BC/>, accessed August 20, 2023.

## SOLUTION:

The solution is to support pilot programs that support rural communities taking steps to distribute medications efficiently and cheaply.

The Roundhouse Foundation is currently funding two pilot programs that improve access to prescription medications in rural Oregon. The first with Red Cross Drug in La Grande in partnership with the Elgin Health Clinic, and the second with Murray's Drug in Heppner, Condon, and Boardman. The Roundhouse Foundation supported funding toward the purchase of a centrally located prescription drug locker unit located in Elgin Health Clinic that is open during business hours and allows residents to access their medications more quickly than if it was mailed through the USPS. Red Cross Drug provides prescriptions to the locker unit. The Roundhouse Foundation also helped to fund the continuation of a home delivery program through Murray's Drug to deliver medications to housebound individuals who otherwise can't travel to a pharmacy. This service is available in multiple languages to support the diverse populations that live in rural Oregon.<sup>13</sup>

The Roundhouse Foundation's support for the two pilot programs at local pharmacies is not sufficient, however, because it does nothing to tackle the problem posed by the PBMs removing needed profit margins for community pharmacies. These two pilots are only supporting efforts in the northeastern part of Oregon, leaving many other community pharmacies serving rural and frontier communities without the needed support to remain open.



### ELGIN CLINIC PHARMACY LOCKER



Red Cross Drug in La Grande and Elgin Health Clinic in Elgin partnered to install a pharmacy locker dispensing unit in the clinic so the community of Elgin and the surrounding areas could have access to prescriptions without making an hour roundtrip drive and an added wait time. The locker dispensing unit is in the clinic and accessible when the clinic is open.

Prescriptions are made available in the locker unit the day they are called into Red Cross Drug or the very next day. For working families, older adults, or people without regular transportation accessing their prescriptions in their own community in their rural health clinic is vital. And, the partnership with a community pharmacy in La Grande allowed for the trust in a local business to play an integral role in the solution. The Roundhouse Foundation funded a portion of the locker unit purchase.

<sup>13</sup> Boardman has a population of 3,921 with almost 29% of people living at or below poverty, and 61.7% are Hispanic or Latino. Arlington has a population of 634 with almost 22% of people living at or below poverty. Irrigon has a population of 2,019 with almost 20% of people living at or below poverty, and 37.5% are Hispanic or Latino. Umatilla has a population of 7,373 with almost 17% of people living at or below poverty, and 44.1% are Hispanic or Latino.

## WHAT'S NEXT?

As a next step to finding a solution, private philanthropy has an opportunity to fund pilot programs that specifically address the challenges associated with the PBM reimbursement model in rural Oregon. Right now, there are no good on-the-ground solutions that prove that PBMs might not be necessary. Community pharmacies must capture more of the profit that is currently going to PBMs to stay in business.

In Oregon, there is a unique opportunity to lead the nation because the Coordinated Care Organization (CCO) model provides insurance to the entire Oregon Health Plan (OHP) or Medicaid population within a geographic region. This means there is a possibility to creatively experiment with pricing and distribution options. Billing directly to Medicaid will not only allow local residents continued timely access to life-saving drugs but will also allow their pharmacists to bill insurance for counseling services. Supporting a billing model that also allows pharmacies to bill for counseling will provide added access to healthcare access points for rural residents to receive tobacco cessation, continuation of therapies while they wait to see their primary care doctor months out for a visit, or to navigate tricky drug prescriptions.

Private philanthropy can support pilot programs that will allow pharmacies to pursue a new way of operating, which will not only improve access to life-saving medications but also free up time in the pharmacists' schedules to have one-on-one contact with the patients, including advice on medications, or counseling on addiction and other health issues, thereby creating added prevention support channels. Pilot programs will serve as helpful solutions that decision-makers, agencies, and philanthropists can rely upon to scale the activities to a state-wide or national level, and across other lines of insurance coverage from commercial to Medicare.



*The coastal community of Manzanita benefits from having a pharmacy in town, but if it were to close, locals would need to drive 27 miles south to the town of Tillamook for the next closest pharmacy.*



*The unincorporated community of Brogan is situated in the northern reaches of Malheur County—an area so vast, nearly 10,000 square miles—that Rhode Island, Delaware, and Connecticut could comfortably fit inside. Residents of Malheur County have just two towns with pharmacies to serve the entire county, located in Vale and Ontario.*

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