



February 7, 2024

Re: HB 4012 White Bagging

Chair Nosse, Vice-Chairs Goodwin & Nelson, and Committee Members,

My name is Mel Davies, and I am a member of the leadership team at Oregon Specialty Group. Our organization's purpose is *to take care of people*. As an independent community practice providing oncology, hematology, rheumatology, infectious disease, and specialty infusions, our ability to care for our patients in a safe, effective, and efficient manner is greatly compromised when our payer partners dictate the care we provide. Being forced to procure our patients' specialty medications from payer owned and operated pharmacies is not a cost savings initiative, is a revenue shifting tactic for payers to increase their earnings. Not protecting independent practice and the integral role they play in care delivery has the potential of compromising the entire healthcare ecosystem; HB 4012 offers some protection for physicians and the patients they serve.

When we are required to use multiple, payer-specific, sources for our medications the impacts include:

- Our expenses increase to accommodate the unnecessary administrative burden it introduces.
- Our current experience with the use of payer-mandated specialty pharmacies isn't good; there are communication challenges, and the timing of medication arrival is not consistent.
- There is reduced flexibility to dose-adjust based on real-time lab work of our patients. The payer offered solution of "allowing" us to use our other drug stock to accommodate dose-adjustments is not plausible – they are asking us to use other patients' medications to close the gap they've created, compromising the care of additional people in the process.

Drug expense cannot be looked at as a single line item within the overall scope of healthcare cost given the current reimbursement structure. An analysis of physician payments conducted for the Community Oncology Alliance by Avalere showed a reduction of the conversion factor in the Medicare physician fee schedule of 5.4% from 2014 to 2023, while inflation over the same period of time increased by 28.4%. Looking at a different time period, since the onset of the COVID pandemic, oncologists are being paid 6% less while running practices that have experienced at minimum 10% inflation (our experience in expense increases has been much greater than that). Continuing to divert and reduce revenues from physicians providing the care to the payers is unsustainable. The short-term impact of white bagging may look like reduced expenses for patients, but it is smoke and mirrors that are not including PBM and other fees, and could result in no physicians being available to prescribe the very drugs that our patients rely on.

Independent practices provide the lowest cost and highest quality cancer care in the nation, and we ask for support of HB 4012 as a starting point to help protect that care here in Oregon.

