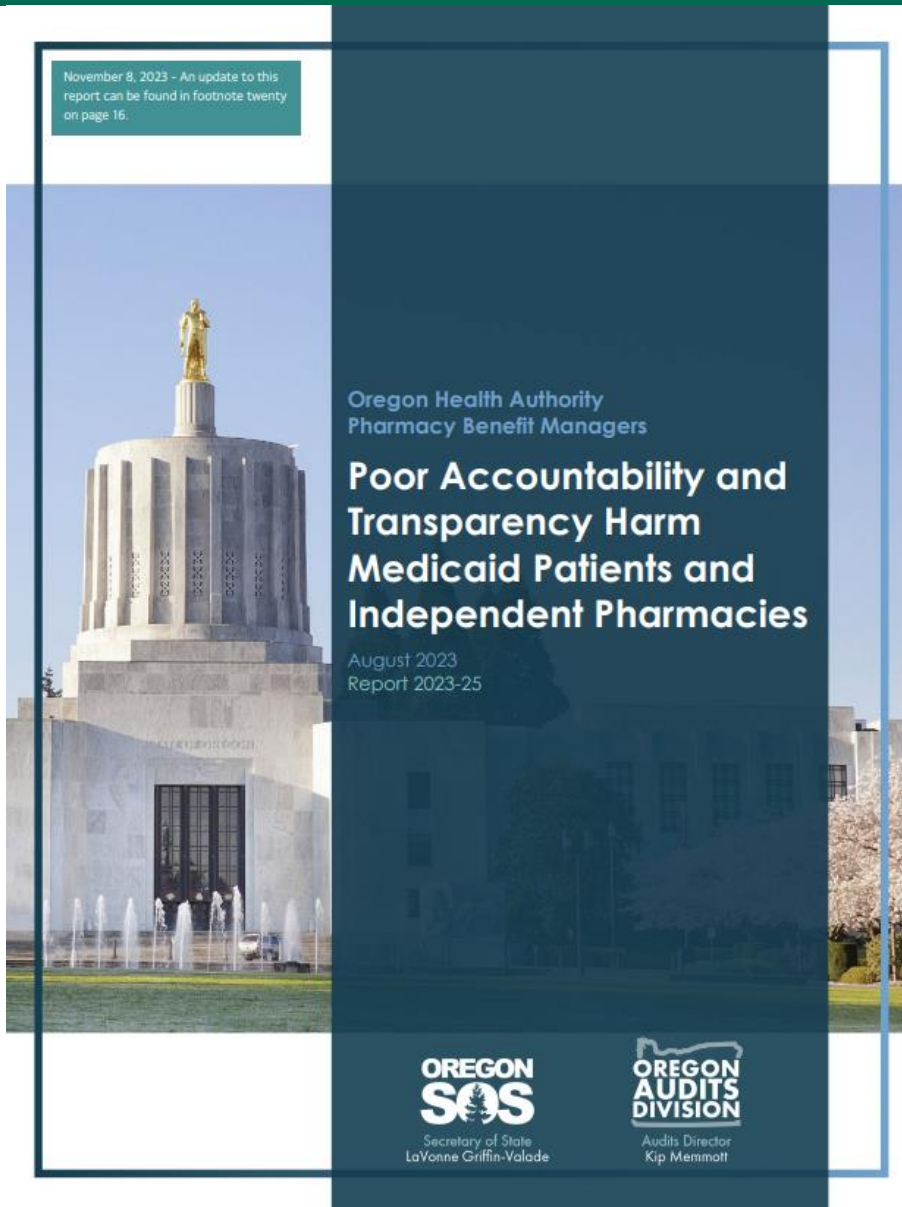


The Path to Ensuring Patient Access to Pharmacies in Oregon

Support HB 3212

Brian Mayo – Oregon State Pharmacy Association, Executive Director



Oregon Secretary of State Audit on PBMs

“Oregon’s regulation of PBMs is limited and fragmented. Other states have meaningful legislation targeted at patient protections, pharmacy protections, and transparency. PBM reforms are bipartisan policy efforts to limit unfair practices, which can hurt community pharmacies and limit access for people.(pg. 14)”



Latest E-Edition
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Monday, February 3, 2025 Print Edition e-Edition How-To


 34°
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Oregon is second-worst in nation for retail pharmacy access, new analysis finds

ANTONIO SIERRA and AMELIA TEMPLETON Oregon Public Broadcasting Jun 12, 2024



Medicap Pharmacy staff pharmacist Ryan Baker in December 2021 works on prescription orders in December 2021 at an independent pharmacy in Talent.
April Ehrlich / OPB



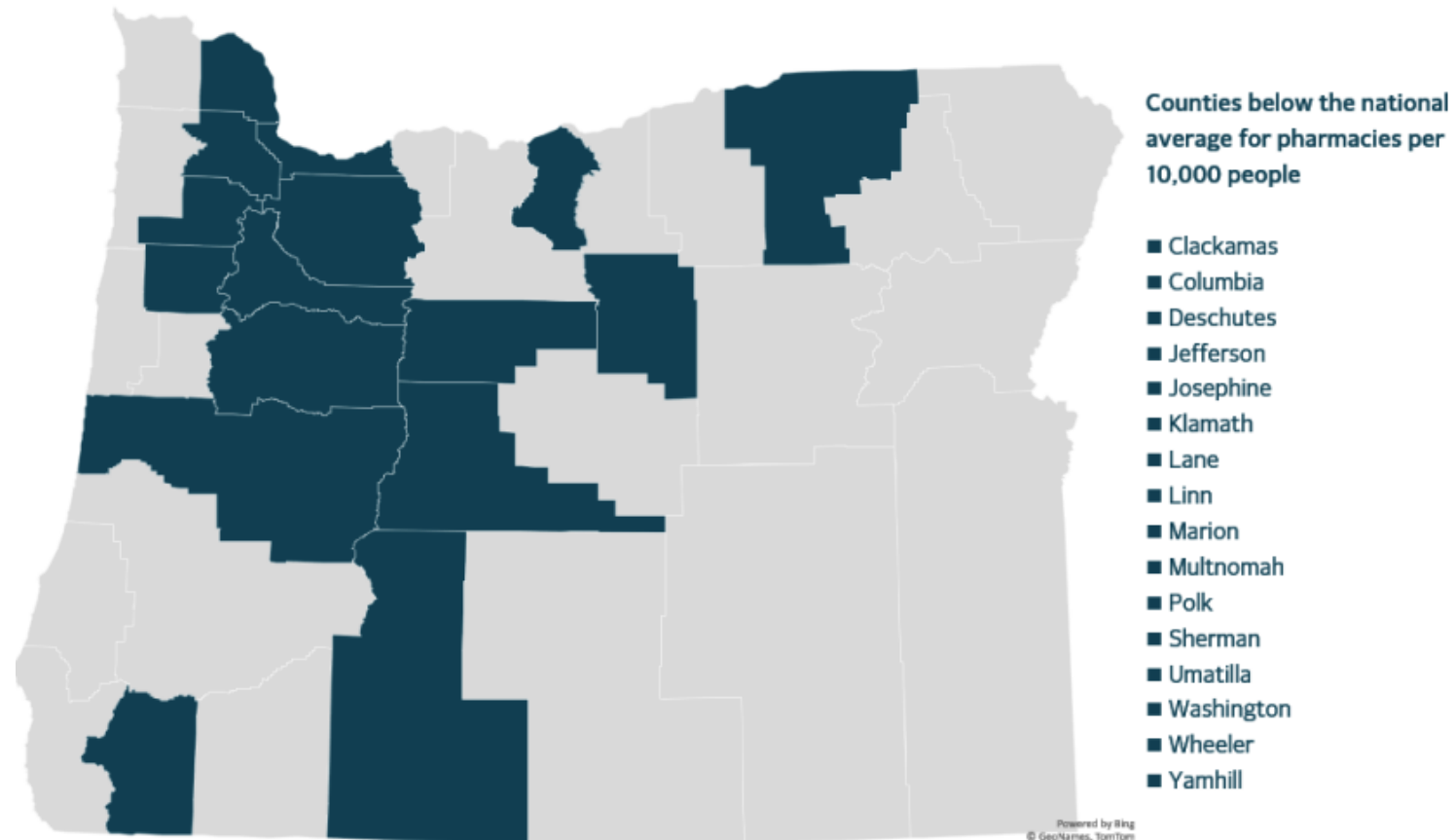
Health and Wellness in the Basin!

Watch for this special section in the Feb 15th edition of the H&N!

Reserve ad space today!

BOOK NOW!

Figure 12: Sixteen Oregon counties are below the national average for community pharmacies



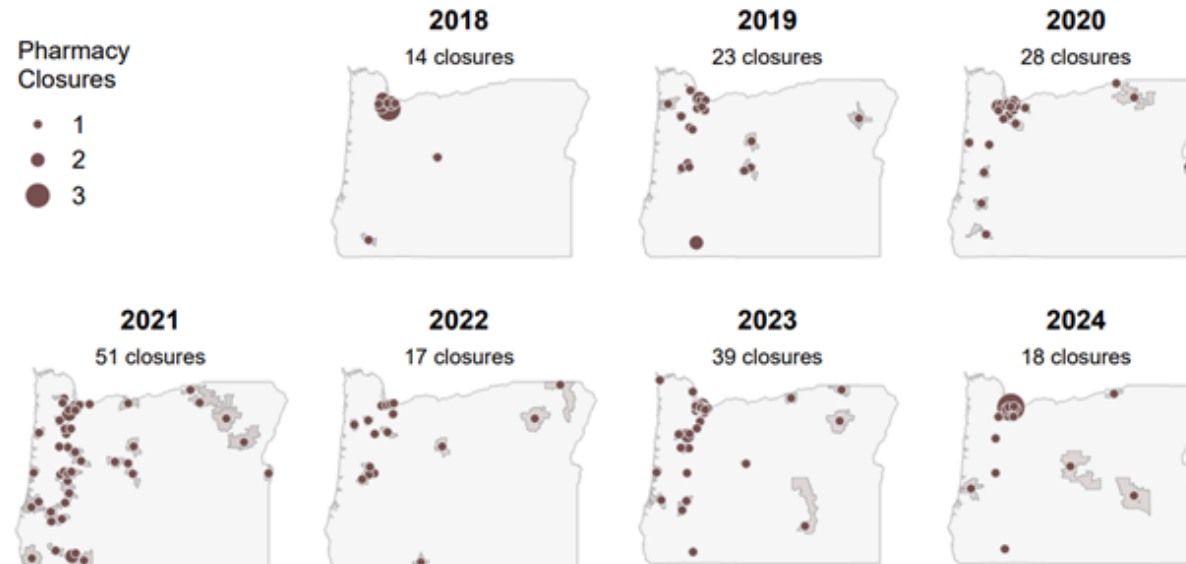
Source: Auditor analysis of Portland State University Population Center data, pharmacy data from the Oregon Board of Pharmacy, and the National Institute of Health

Oregon Pharmacies ARE Closing!

Pharmacy	City	Date
Walmart #2	Portland	3.24.23
Walmart #1	Portland	3.24.23
Walgreens	Portland	3.31.23
Walgreens	Portland	3.31.23
Tillamook Pharmacy	Tillamook	9.6.23
Rite Aid	North Bend	1.15.23
Rite Aid	Roseburg	6.6.23
Rite Aid	La Grande	4.20.23
Rite Aid	Medford	9.18.23
Rite Aid	Portland	9.26.23
Rite Aid	Aloha	3.31.23
Physicians Building Pharmacy	Salem	7.1.23
Pharmacy.com	Portland (Powell)	8.30.23
Pharmaca NW	Portland	2.9.23
Pharmaca Cornell	Portland	2.9.23
Medicap #2	Albany	5.4.23
Medicap #1	Albany	5.2.23
Lone Pine Drug	Medford	1.15.23
Hi-School	Mt. Angel	9.29.23
Eden Healthcare	Medford	9.1.23
Dallas Pill Box	Dallas	3.22.23
CVS	Portland	10.25.23
CVS	Portland	10.25.23
Central Oregon Compounding	Redmond	1.15.23
Avalina Pharmacy	Salem	6.1.23
Rite Aid	Portland	9.31.23
Rite Aid	Canby	12.4.23
Rite Aid	Portland	12.3.23
Rite Aid	Warrington	11.28.23
Rite Aid	Florence	11.29.23
Rite Aid	Hines	11.27.23
Rite Aid	Milton-Freewater	11.28.23
Rite Aid	Salem	12.11.23
Rite Aid	St Helens	december
Reedsport Pharmacy	Reedsport	12.15/23
Corvallis Clinic Pharmacy	Corvallis	
Access Prime		
Rite Aid	Hermiston	1.16.24
Rite Aid	Gresham	1.25.24
Rite Aid	Portland	2.1.24
ZoomCare	Tigard	3.15.24
Walgreens	Medford	5.2.24
Hillsboro Pharmacy	Hillsboro	6.1.24
Walgreens	Bend	6.17.24

Retail Pharmacies in Oregon		
Year	Retail Drug Outlet Pharmacies	Closures/Failure to Renew
2018	770	14
2019	768	23
2020	765	28
2021	770	51
2022	734	17
2023	721	39
2024	699	18

Closures Varied By Year





Executive Summary

Pharmacy Benefit Managers' (PBMs) role as intermediaries between drug manufacturers and health insurance providers should have made them, in theory, the best positioned entities to decrease the cost of prescription drugs.¹ The three largest PBMs, CVS Caremark (Caremark), Cigna Express Scripts (Express Scripts), and UnitedHealth Group's Optum Rx (Optum Rx), control more than 80 percent of the market and are vertically integrated with health insurers, pharmacies, and providers.² As large health care conglomerates, some have argued that these PBMs' vertical integration with insurers and pharmacies would better position them to improve patient access and decrease the cost of prescription drugs.³ **Instead, the opposite has occurred: patients are seeing significantly higher costs with fewer choices and worse care.**

Americans spend more today on prescription drugs than any other country, and prescription drug prices in the U.S. are more than double the cost of identical drugs in other high-income nations.⁴ In 2023, the U.S. health care system spent \$772.5 billion on prescription drugs, including \$307.8 billion on retail drugs.⁵ This mammoth spending is largely driven by a small number of high-cost products; brand name drugs accounted for 80 percent of prescription drug spending, despite the fact that 80 percent of prescriptions in the U.S. are for generic drugs.⁶ Additionally, the cost of specialty drugs, which accounted for 54 percent of spending in 2023,⁷ has increased more than 40 percent since 2016.⁸ Patient out-of-pocket costs for prescriptions were \$91 billion in 2023 alone.⁹ Higher drug utilization and new drugs are also contributing to higher costs, with Americans being prescribed more and paying for more prescription drugs.¹⁰

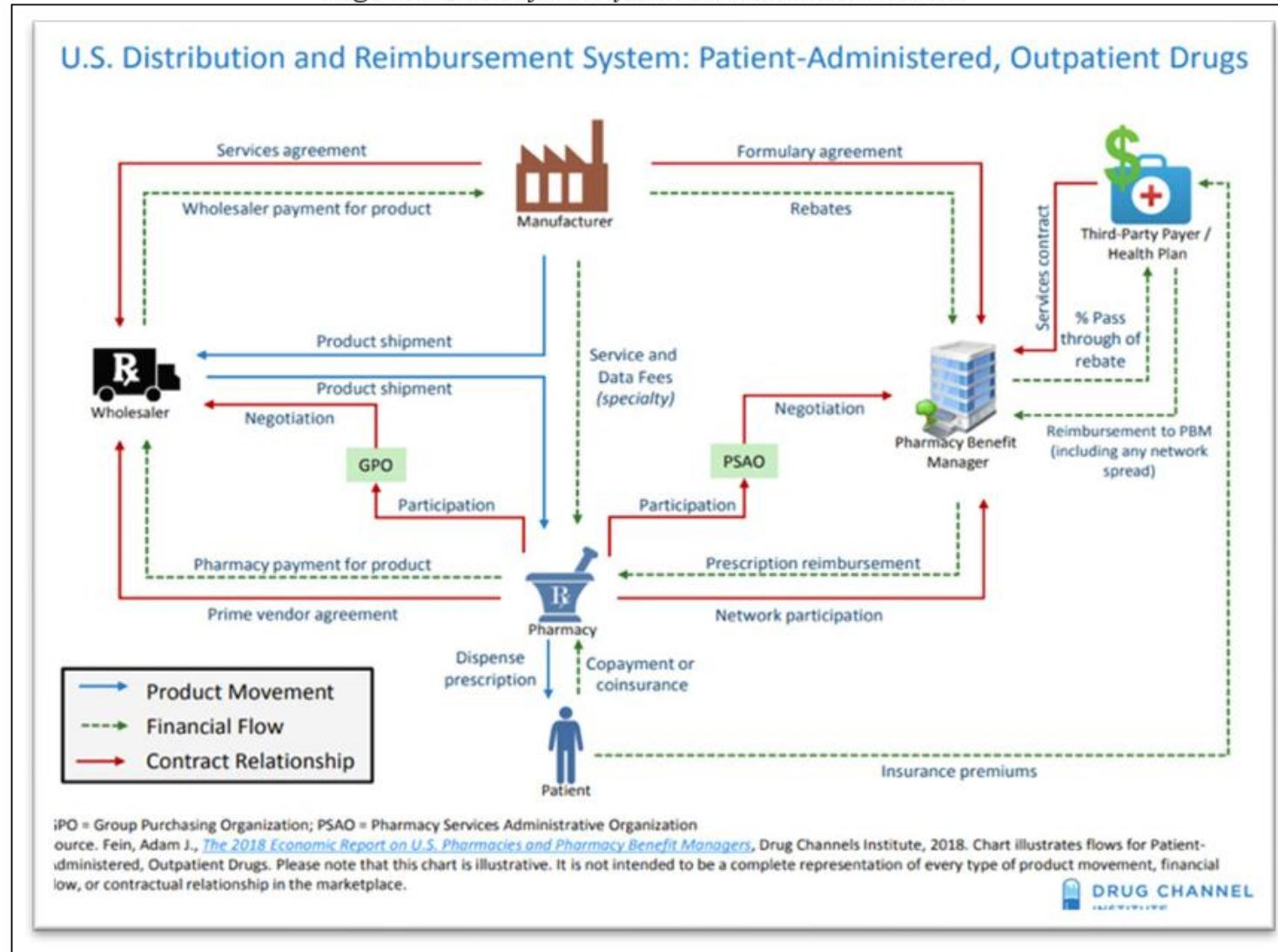
This report describes the Committee on Oversight and Accountability's findings that PBMs inflate prescription drug costs and interfere with patient care for their own financial benefit.



The Role of Pharmacy Benefit Managers in Prescription Drug Markets

Report Prepared by the House Committee on Oversight and
Accountability Staff

Figure 1: Flow of Money in Pharmaceutical Markets¹⁴



Vertical Business Relationships Among Insurers, PBMs, Specialty Pharmacies, and Providers, 2024



1. Centene began outsourcing its PBM operations to Express Scripts in 2024. In 2023, Centene rebranded its Envolv Pharmacy Solutions pharmacy benefit subsidiary as Centene Pharmacy Services. In 2022, Prime Therapeutics completed its acquisition of Magellan Rx from Centene.

2. Synergie is a buying group focused on medical benefit drugs. Its ownership includes Blue Cross Blue Shield (BCBS) Association, Prime Therapeutics, Elevance Health, and other independent BCBS health plans.

3. Since 2021, Prime's Blue Cross and Blue Shield plans have had the option to use Express Scripts or AllianceRx Walgreens Pharmacy for mail/specialty pharmacy services. In 2021, Walgreens purchased Prime Therapeutics' 45% ownership interest, so this business had no PBM ownership as of 2022. In 2022, the company was rebranded as AllianceRx Walgreens Pharmacy. In August 2024, AllianceRx Walgreens Pharmacy will become Walgreens Specialty Pharmacy.

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. In 2023, Cigna's Evernorth business made a significant minority investment CarepathRx Health System Solutions.

7. Previously known as Evernorth Care Group and Cigna Medical Group.

8. In 2021, Cigna's Evernorth business acquired MDLive.

9. Walgreens owns a majority of VillageMD. In 2022, Cigna invested \$2.7 billion for an estimated 14% ownership stake in VillageMD. In 2024, Cigna recorded a \$1.8 billion loss on its investment.

10. In 2023, CVS Health completed its acquisitions of Signify Health and Oak Street Health.

11. Previously known as IngenioRx.

12. In 2023, Elevance Health completed its acquisition of BioPlus Specialty Pharmacy from CarepathRx. In 2024, Elevance Health acquired Paragon Healthcare, which operates specialty pharmacies and infusion centers, and Kroger Specialty Pharmacy.

13. Includes CareMore Health and Aspire Health. In 2024, CarelonRx announced a primary care partnership with investment firm Clayton, Dubilier & Rice.

14. In 2021, Partners in Primary Care and Family Physicians Group businesses were rebranded as CenterWell Senior Primary Care.


15. In 2022, Kindred at Home was rebranded as CenterWell Home Health. 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. Humana also announced plans to close a majority of its SeniorBridge home care locations.

Source: *The 2024 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers*, Exhibit 254. Companies are listed alphabetically by corporate name.

No problems with vertical integration...right?


Pharmacy Name	Drug NDC	Drug Name	Strength	Total Quantity	Total Drug Cost
PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$3,856.34
PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$3,856.34
PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$3,856.34
PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$3,856.34
PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$3,856.34
PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$3,856.34
PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$3,856.34
PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$3,856.34
PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$3,856.34
Non-PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$223.53
Non-PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$190.17
Non-PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$190.17
Non-PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$190.17
Non-PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$190.17
Non-PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$189.47
Non-PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$189.47
Non-PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$183.76
Non-PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$182.35
Non-PBM Owned Pharmacy	65862088060	Tadalafil	Tab 20 mg	60	\$181.36

PBM Owned Pharmacies

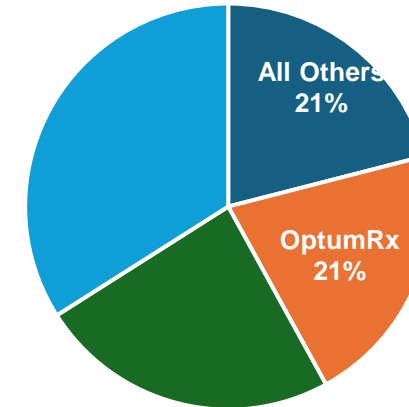


*Same NDC * Same quantity
≠ Equal reimbursement*

Non-PBM Owned Pharmacies

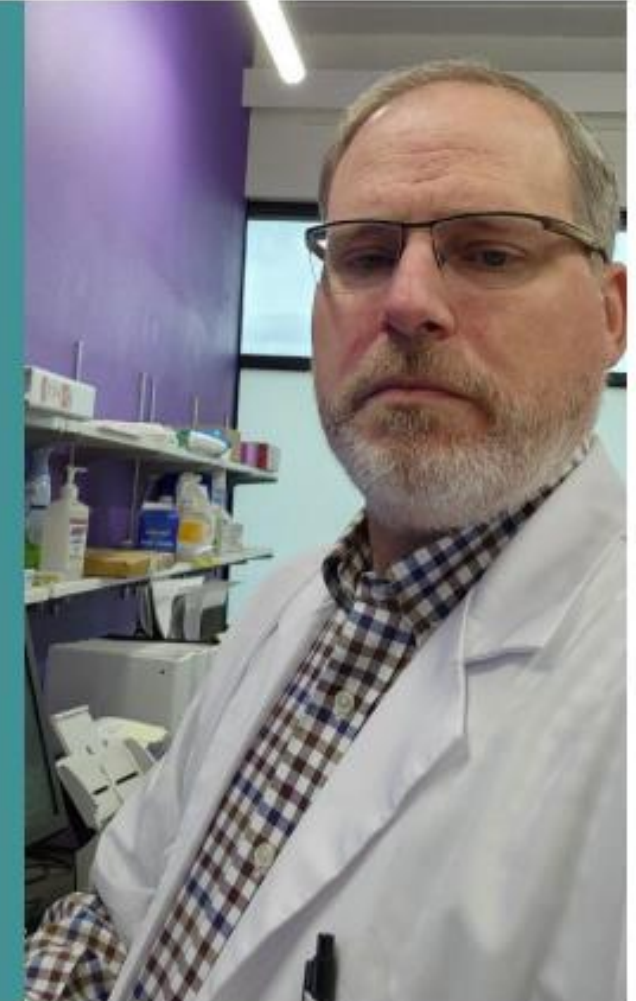


“The **Pharmacy Benefits Managers** are crushing independent pharmacies,” Jeanne Mendazona said. “It’s been an ongoing issue for quite a few years now, but it’s gotten worse and worse...they are responsible for managing the pharmacy benefits on behalf of an insurer. Now three Pharmacy Benefits Managers own 80% of the pharmacy prescription processing marketplace.”



"A little over a month ago our pharmacy got a desperate call from a woman from Madras. It was late on Friday and her husband had been prescribed... a critical medicine to keep him out of the hospital. She went to the only chain pharmacy open in town and they told her it would be Monday before they could fill it. You see, both Bi-Mart and Hometown drugs had closed. Their pharmacy business was booming but their reimbursements were too low to stay open. The remaining chain pharmacy in town was so overwhelmed their wait times were measured in days. She called two chain pharmacies in Redmond and could not get anyone to answer the phone. Again, reimbursements are too low to keep adequate staffing, even to answer the phone. Then she called us. We told her to come right away as it was close to closing and when she arrived, we quickly filled the prescription. She had lots of questions and health care concerns, as she had not been able to speak to a pharmacist since Hometown drugs had closed. When she left it was 30 minutes after closing and we felt happy that we had helped someone in need that day. I then checked my reimbursement and found that I got paid \$26 below my acquisition price for that drug. This is not the value of the service we provided that night. Independent pharmacies, in particular, have an important value to their communities, and they should be paid fairly for that value."

- Kevin Russell, RPh, MBA, BCACP, Director of pharmacy at Prescriptive Health, oral legislative testimony in support of HB3013 2023 regular session






FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

For Release

FTC Releases Second Interim Staff Report on Prescription Drug Middlemen

Report finds PBMs charge significant markups for cancer, HIV, and other critical specialty generic drugs

January 14, 2025 |   

Tags: [Competition](#) | [Office of Policy Planning](#) | [generic drugs](#) | [Pharmacy Benefits Managers \(PBM\)](#) | [Health Care](#) | [Drug Stores and Pharmacies](#) | [Prescription Drugs](#)

The Federal Trade Commission today published a second interim staff report on the prescription drug middleman industry, which focuses on pharmacy benefit managers' (PBMs) influence over specialty generic drugs, including significant price markups by PBMs for cancer, HIV, and a variety of other critical drugs.

Staff's latest report found that the 'Big 3 PBMs'—Caremark Rx, LLC (CVS), Express Scripts, Inc. (ESI), and OptumRx, Inc. (OptumRx)—marked up numerous specialty generic drugs dispensed at their affiliated pharmacies by thousands of percent, and many others by hundreds of percent. Such

Key Findings:

- Significant price markups
- Dispensing the most profitable drugs
- Over \$7.3 billion of dispensing revenue in excess of NADAC (Big 3 PBM affiliated pharmacies)
- Generating additional income via spread pricing
- Specialty generic drugs help drive parent healthcare conglomerates operating income
- Plan sponsor and patient drug spending increased significantly

Optum

Optum's health services businesses serve the global health care marketplace, including payers, care providers, employers, governments, life sciences companies and consumers. Using market-leading information, analytics and technology to yield clinical insights, Optum helps improve overall health system performance: optimizing care quality, reducing care costs and improving the consumer experience.

Quarterly and Annual Financial Performance					
	Three Months Ended			Year Ended	
	December 31, 2022	December 31, 2021	September 30, 2022	December 31, 2022	December 31, 2021
Revenues	\$47.9 billion	\$41.1 billion	\$46.6 billion	\$182.8 billion	\$155.6 billion
Earnings from Operations	\$4.0 billion	\$3.4 billion	\$3.7 billion	\$14.1 billion	\$12.0 billion
Operating Margin	8.3%	8.3%	7.9%	7.7%	7.7%

- Optum full year revenues of \$182.8 billion grew \$27.2 billion or 17% year-over-year, led by Optum Health, and full year operating earnings increased to \$14.1 billion compared to \$12.0 billion last year.
- Optum Health revenue per consumer served increased by 29% in 2022, driven by growth in patients served under value-based arrangements; expansion of care delivery services, including in-home, clinic-based, ambulatory surgery, behavioral and digital; and overall increasing acuity levels of the care that can be offered.
- Optum Insight's revenue backlog increased by \$7.6 billion in 2022 to \$30 billion, driven by the addition of Change Healthcare and growth in comprehensive managed services. In order to speed improved system performance and experiences for patients and care providers, Optum Insight is advancing its investment initiatives.
- Optum Rx revenue growth of 9% in 2022 reflects continued expansion of its pharmacy care services, adding clinical value to medications, including specialty and community-based pharmacies. Adjusted scripts grew to 1.44 billion compared to 1.37 billion last year.

UnitedHealth Group Reports Fourth Quarter and Full Year Results

2025 Fortune 500 rankings

#4 UnitedHealth Group (PBM = Optum)

- **Revenue:** \$371.6 billion
- **Profit:** \$22.4 billion

• #6 CVS Health (PBM = CVS Caremark)

- **Revenue:** \$357.8 billion
- **Profit:** \$36.0 billion

• #16 The Cigna Group (PBM = Express Scripts)

- **Revenue:** \$195.3 billion
- **Profit:** \$5.2 billion

Findings of the Report: Understanding Pharmacy Reimbursement Trends in Oregon by 3 Axis Advisors

Inequity in PBMs' Drug Pricing Practices in Oregon Raises Serious Questions



The Oregon State Pharmacy Association (OSPA) and 3 Axis Advisors recently released a **report** that illustrates the worrying tactics pharmacy benefit managers (PBMs) employ to increase their profits at the expense of local pharmacies, taxpayers and patients. The study, *Understanding Pharmacy Reimbursement Trends in Oregon*, found that PBMs are reimbursing pharmacies at wildly different rates while at times charging Medicare and Medicaid astronomical prices.

A particularly troubling example seen in the enclosed figures shows that **the state Medicaid program was made to pay more than eight times the manufacturer's asking price** for a generic multiple sclerosis drug.



Oregon state spend
on dimethyl fumarate



Here are other key findings from the study:

- Among the three broadly different payer types – Medicaid, Medicare and Commercial – PBMs operating in each of the segments are setting different incentives for pharmacies. For example, PBM reimbursements for the Oregon Medicaid Coordinated Care Organization program were associated with the lowest margins for pharmacies, creating incentives that may drive providers away from underserved communities.
- On a per-100 prescription basis, PBM reimbursement for the majority of claims (75 out of 100) dispensed at a typical retail Oregon pharmacy* were insufficient to cover the pharmacy labor and drug costs.
- The PBM incentives embedded in the current system appear to reward and encourage higher drug prices at pharmacies, resulting in higher out-of-pocket costs for patients who obtain their medications through cost sharing or without insurance coverage at all.

*As represented by those in the study

Understanding Pharmacy Reimbursement Trends in Oregon can be accessed at [Oregon State Pharmacy Association \(oregonpharmacy.org\)](https://oregonpharmacy.org)



ARE PBMs **PRICE** **GOUGING OREGON** **BY 800%?**

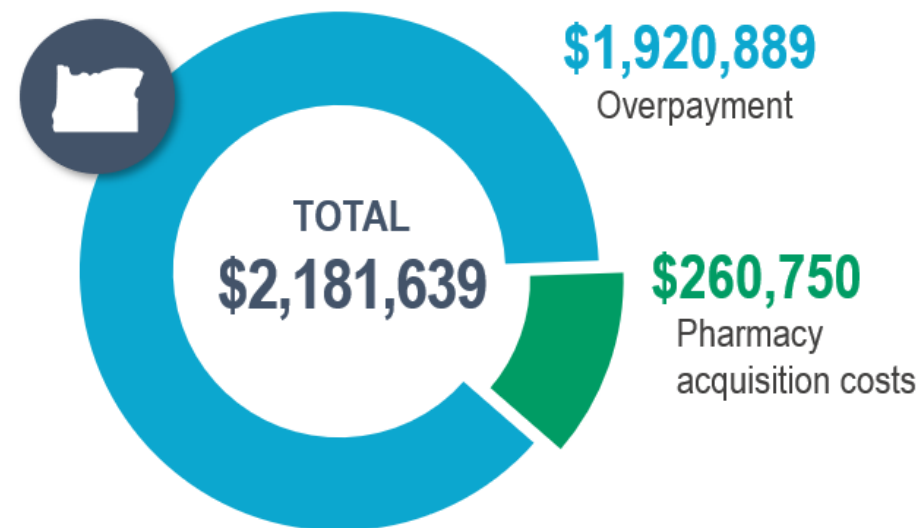
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OSPA
OREGON STATE
PHARMACY
ASSOCIATION

PAID FOR BY OREGON STATE PHARMACY ASSOCIATION

Oregon state Medicaid CCO spend on dimethyl fumarate

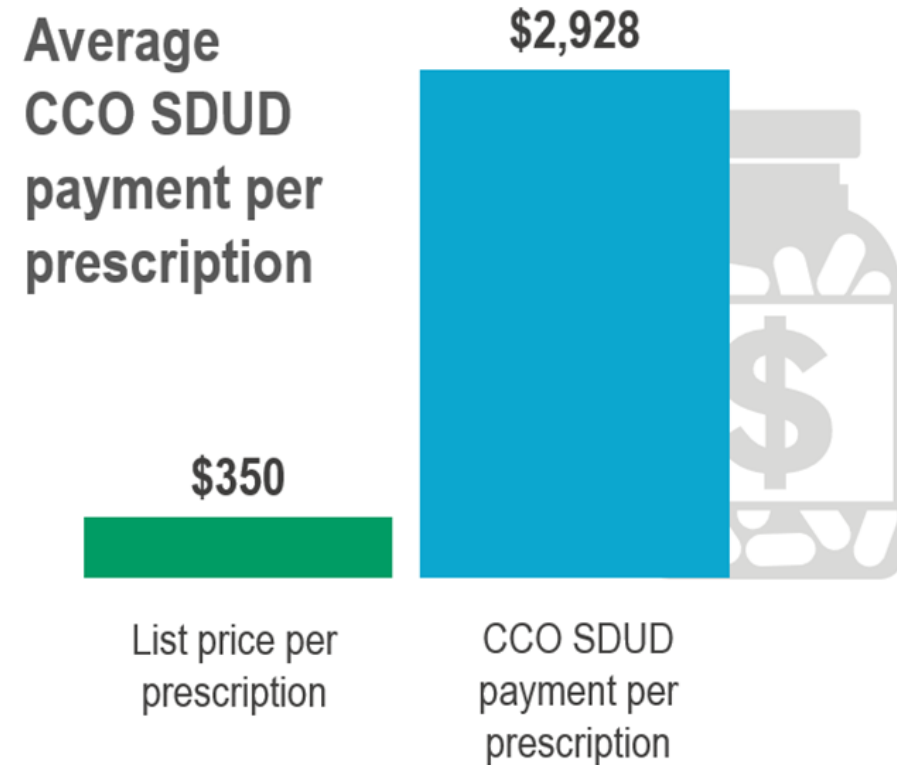


The PBM boondoggle on dimethyl fumarate

Price Spreads & Patient Steering

In 2020 the drug Tecfidera™ went generic (dimethyl fumarate: used by multiple sclerosis patients). By January 2021, the pharmacy acquisition price of the generic had dropped from the \$8,275 brand price to \$350 (WAC). There were no study pharmacy claims for this drug in 2021 indicating it was restricted and likely filled at a PBM affiliated pharmacy.

Per SDUD, Oregon Medicaid was charged an average of \$2,578 in margin over WAC for each claim, totaling \$1,920,889!





Prescription Drug Pricing in Washington: Employers Overcharged, Pharmacies Underpaid, PBMs Reaping Profits

A new, first-of-its-kind study details how pharmacy benefit managers (PBMs) are manipulating the prescription drug marketplace in Washington at the expense of employers, pharmacies and patients.

The study, *Understanding Drug Pricing from Divergent Perspectives: State of Washington Prescription Drug Pricing Analysis*, analyzed both sides of the PBM's drug transactions for the first time: what pharmacies are paid and what employers are charged for the same drug.

Here are key findings from the study:



Average plan sponsor (employer) costs were approximately \$165,000 higher (roughly 80% more on generic drug transactions) than the reimbursement provided to pharmacies (approximately \$8 more per prescription).*



Plan sponsor (employer) costs increased by 30% while commercial pharmacy reimbursement decreased by 3% between 2020-2023.



PBM-affiliated mail-order pharmacies had prescription markups that were more than three times higher than the markups at retail pharmacies.



Plan sponsors were charged more than \$1,000 in markups per prescription at PBM-affiliated mail-order pharmacies despite retail pharmacies typically filling those medicines at a loss.**

* For a subset of matched claims between the plan sponsors and the pharmacies
** For a subset of claims comprised mostly of costly "specialty drugs"

This study's comprehensive analysis of plan sponsor charges and pharmacy payments for the same prescription drugs provides a clear picture of how employer drug costs are rising even as payments to pharmacies are shrinking, with PBMs emerging as the big winners in a system they control.

Two examples stand out among the study's most troubling findings.

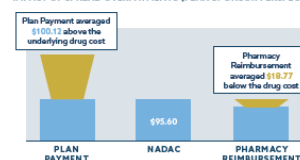
- Plan sponsors (employers) are being charged an average of \$4,465 for the drug teriflunomide at PBM-affiliated mail order pharmacies, even though the drug could be purchased at the Mark Cuban Cost Plus Drug Company for less than \$20.

WASHINGTON PLAN SPONSOR DATA VS MCCPDC
PRODUCT EXAMPLES (2022 - 2023)

Drug Name	Pharmacy Class of Trade	Avg Plan Cost per Rx	Avg MCCPDC Cost per Rx	Delta (Plan Cost - MCCPDC)
Teriflunomide Oral Tablet 14 MG	Mail	\$4,465.11	\$17.80	\$4,447.31

- For the popular addiction treatment medication buprenorphine-naloxone SL, plan sponsors were charged \$100.12 above the underlying drug costs while pharmacies were paid \$18.77 below their acquisition cost.

BUPRENORPHINE-NALOXONE 8-2 MG SL, ESTIMATED PER RX
IMPACT OF SPREAD OVERPAYMENTS (PLAN SPONSOR PERSPECTIVE)



Washington Findings:

- For a subset of matched claims between the plan sponsors and the pharmacies, the average plan sponsor (employer) costs were approximately \$165,000 higher (roughly 80% more on generic drug transactions) than the reimbursement provided to pharmacies (approximately \$8 more per prescription).
- Plan sponsor (employer) costs increased by 30% while commercial pharmacy reimbursement decreased by 3% between 2020-2023.
- PBM-affiliated mail-order pharmacies had prescription markups that were more than three times higher than the markups at retail pharmacies.
- For a subset of claims comprised mostly of costly "specialty drugs," plan sponsors were charged more than \$1,000 in markups per prescription at PBM-affiliated mail-order pharmacies despite retail pharmacies typically filling those medicines at a loss.

The data demonstrates that PBMs are incentivized to:

- Charge employers more than necessary to participate in plans.
- Pay pharmacies less than the costs incurred to dispense medicines – referred to as "spread pricing" – and pocket the "spread" or difference.
- Steer plans and patients to mail-order pharmacies, which are closely connected to PBMs, to increase PBM profits.

PBM executives threatened with fines and jail time for alleged perjury in House hearing

Testimony from the heads of Express Scripts, Optum Rx and Caremark in July defending pharmacy benefit managers' business practices could be coming back to bite them.

Published Aug. 29, 2024



[Rebecca Pifer](#)
Senior Reporter



House Oversight Committee Chair James Comer, R-Ky., attends a House Oversight Subcommittee on Health Care and Financial Services hearing on Capitol Hill December 5, 2023 in Washington, DC. Comer is accusing the leaders of the three largest pharmacy benefit managers with steep fines — or jail time. *Drew Angerer via Getty Images*