



February 4, 2024

Chair Nosse and Members of the Committee,

My name is Mary Anne Cooper, and I am the Oregon Director of Public Affairs and Government Relations at Regence BlueCross BlueShield of Oregon. We provide high-value health care to nearly one million Oregonians. In keeping with our values as a tax-paying nonprofit, 89% of every premium dollar goes to pay our members' medical claims and expenses<sup>1</sup>. We are writing to express concerns about the impact HB 3212 will have on our members and the cost of prescription drugs in our state.

### HB 3212 will lead to higher prices at the pharmacy counter

We understand the concerns raised regarding pharmacy reimbursement issues and are committed to working with pharmacists, lawmakers, and other stakeholders to identify solutions while also protecting the interests of our members. It is important to highlight that the proposals in HB 3212 will have unintended consequences that negatively impact member affordability and access to prescription drugs.

Within Regence, our drug costs grew by \$43 million between 2023 and 2024, and our per member per month overall drug spend increased from \$110 to \$125 in the same period. The 2024 Cost Growth Target Annual Report demonstrates that, net of rebates, retail pharmacy costs across all carriers increased 4% between 2021-2022, from \$4.04 billion to \$4.2 billion<sup>2</sup>. Without accounting for rebates, total growth in drug spend was 7.1%, which is higher than the percentage of growth of any other service category. Increases in utilization, new indications for existing drugs, and exorbitant prices of new drugs entering the market contribute to this year-over-year growth and already significantly impact members. Further increasing the price of most drugs with substantially enhanced dispensing fees and modifications to ingredient reimbursement will only exacerbate this trend.

Currently, 60% of our members pay the full price for prescription drugs at the pharmacy because the cost of the medication is less than their insurance cost-share (their co-pay, deductible, or co-insurance obligation). Under HB 3212, many medications used by our members would increase in cost so significantly that members would end up triggering their co-pay or paying higher co-insurance obligation. This is particularly true for generic drugs, which make up about 90% of the 4.5 million prescriptions filled for our members.

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<sup>1</sup> Regence Annual Overview. Regence BlueCross BlueShield of Oregon (2023). <https://beonbrand.getbynder.com/m/1ca46ed2d96db938/original/2023-Annual-Overview-OR.pdf>

<sup>2</sup> Sustainable Health Care Cost Growth Target 2024 Annual Report. Oregon Health Authority: Sustainable Health Care Cost Growth Target: Office of Health Policy: State of Oregon. (2024). <https://www.oregon.gov/oha/HPA/HP/Pages/Sustainable-Health-Care-Cost-Growth-Target.aspx>

For example, for a 30-day supply of generic Zofran (ondansetron, anti-nausea medication), members pay the medication cost of \$3.59<sup>3</sup>. With the proposed shift to the National Average Drug Acquisition Cost (NADAC) + Medicaid Fee-for-Service (FFS) dispensing fee pricing model, if their copay amount was \$10, they would have to pay their full copay because the drug cost became higher than their copay amount. If they were on a high deductible health plan, they could end up paying the full cost out of pocket, upwards of \$20.86 if they filled at 340B pharmacy. This increase may not seem significant for a single generic prescription; however, when you consider that an average person with diabetes fills 34 prescriptions per year, the member burden of the cost increase quickly becomes untenable<sup>4</sup>.

If the proposed pricing model in HB 3212 were to go into effect, Regence would see several million dollars in new drug costs, a large portion of which would be directly borne by members through their cost share, and all of which would be paid by members in premium increases. This is on top of an already-skyrocketing year-over-year drug spend trend. The effect on consumers would vary widely; members who utilize low-cost generics would experience an astronomical increase while members who have higher cost drugs of any type may experience minimal impacts.

We are willing to work towards a meaningful solution for pharmacist reimbursement, but any solution that we bring forward must account for consumer impacts. According to a recent study 61% of Oregonians surveyed had experienced health care affordability burdens in the past year with 77% worried about future health care costs<sup>5</sup>. This bill could significantly exacerbate the challenges facing Oregonians if the legislature does not keep affordability of medications at the forefront. These concerns are paramount to Regence.

### Any Willing Provider/Pharmacy

Regence has a comprehensive network of providers, and we're open to offering preferred network contracts to any pharmacy that accepts our contract terms. However, the state cannot mandate us to offer the same contract terms and reimbursement to both in-network and out-of-network pharmacies.

Our network allows us to negotiate lower drug prices, reducing costs for our members and ensuring access to care. This is crucial for prescription adherence and treatment outcomes. If we were to eliminate networks, as proposed in HB 3212, we'd lose our ability to negotiate lower prices, leading to higher costs and poorer health outcomes for our members.

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<sup>3</sup> Data accessed in Q3 of 2024

<sup>4</sup> *Prescription drugs*. Georgetown University Health Policy Institute. (2019, February 13). <https://hpi.georgetown.edu/rxdrugs/>

<sup>5</sup> Altarum Health Care Hub. (2021a, June). *Oregon Residents Struggle to Afford High Healthcare Costs; COVID Fears Add to Support for a Range of Government Solutions Across Party Lines*. Health Care Value Hub. [https://www.healthcarevaluehub.org/application/files/2716/2342/6360/Hub-Altarum\\_Data\\_Brief\\_No\\_92\\_-\\_Oregon\\_High\\_Drug\\_Prices.pdf](https://www.healthcarevaluehub.org/application/files/2716/2342/6360/Hub-Altarum_Data_Brief_No_92_-_Oregon_High_Drug_Prices.pdf)

## Specialty Pharmacy Exemption

Specialty pharmaceuticals are unique products that require special care and handling, have unique methods of administration, and may require additional patient care and supplies compared to retail drugs. For these reasons, they are made distinct from retail pharmacy by ORS 735.530 (12).

They also typically have high list prices and greatly contribute to prescription drug cost growth. As reflected in the 2024 Oregon Prescription Drug Price Transparency Report, 78% of Regence's total drug spend is due to specialty drugs, while they make up only 1-2% of the drugs prescribed to our members. In the same report, for the top 25 most prescribed drugs in each category, respondents spent an average of \$7,296 per enrollee with drug spend, compared to only \$42 for generics per enrollee with drug spend<sup>6</sup>. For these reasons, it is imperative that specialty drugs are carved out of this legislation.

## ERISA Pre-Emption

We caution that an interpretation implicating ERISA-regulated self-funded plans could have significant consequences, as employers would directly bear a substantial burden of the cost. Additionally, provisions related to pharmacy network participation and benefit design could implicate ERISA-regulated plans in ways that are impermissible according to federal statute and recent court decisions.

We recognize that community and independent pharmacists are driven to serve their consumers well and face challenges to their business model. However, any increase in costs in the commercial market will be directly felt by our members, especially by those most cost-sensitive members in the individual and small group market. We urge the committee to consider equity impacts and the potential consequences of increasing the dispensing fee for low-volume pharmacies, as this drastic increase may decrease utilization at those already-vulnerable settings because their consumers will bear the highest cost burden. It will also disproportionately impact individuals who are high utilizers of their pharmacy benefit, which includes the aging population and people with chronic conditions.

We are dedicated to ensuring our members can access the right care, at the right time, in the right place, and at the right cost. As written, HB 3212 threatens our ability to be good stewards of the member dollars with which we are entrusted. Solving the problems shared by Oregon's community pharmacists must not come at the expense of our members and Oregonians broadly.

Thank you for your consideration. We look forward to working with the committee and other stakeholders on necessary revisions to HB 3212.

Mary Anne Cooper  
Cambia Health Solutions

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<sup>6</sup>The Department of Consumer and Business Services. (2024, November 27). *Prescription Drug Price Transparency Program results and recommendations – 2024*. <https://dfr.oregon.gov/drugtransparency/Documents/20241121-dpt-hearing/Prescription-Drug-Price-Transparency-Annual-Report-2024.pdf>