

**Dear Chair Meek and Members of the Committee,**

As a dedicated pharmacist serving Oregonians, I am writing to express my **strong support for Senate Bill 707**, which expands Oregon's **Corporate Activities Tax (CAT) exemption**. The CAT disproportionately burdens pharmacies, jeopardizing patient access to essential medications and healthcare services.

**Community pharmacies are uniquely affected by the CAT.** Unlike most businesses, pharmacies cannot set their own prices—these are dictated by pharmacy benefit managers (PBMs) and other third-party payers. Pharmacies must adhere to contractual reimbursement rates and cannot pass additional costs to patients. Meanwhile, drug wholesalers and manufacturers increase prices to offset their own CAT obligations, leaving pharmacies effectively **double-taxed**:

1. **When purchasing medications** from suppliers, and
2. **When dispensing those medications** to patients.

This excessive tax burden threatens the financial viability of pharmacies across Oregon. As pharmacies close or reduce hours to stay afloat, patients face dangerous delays in receiving their medications—delays that can compromise health outcomes. A recent Associated Press report ranked Oregon **second worst in the nation** for patient access to pharmacies. Many rural pharmacies have been designated as **Critical Access Pharmacies** by the Oregon Health Authority, underscoring their vital role in their communities.

**Passing SB 707 is essential to safeguarding pharmacy services for all Oregonians.** I urge you to support this bill to ensure that patients—regardless of where they live—can access affordable, timely healthcare.

Thank you for your consideration and leadership on this important issue.

**Sincerely,**  
Laura Tripp

I am also including an email to the Sutherlin City Manager (Jerry Gillham on 2/29/25) expressing our concern as the only Pharmacy in the city of Sutherlin Oregon.

Allen and I have invested over 2 million dollars to purchase Sutherlin Drug. We sold our home and moved our family here to serve this community. It was our dream to have a mom and pop store in a small town where we can make a difference, and we love it here! We never could have predicted the amount of community support that we have received.

To help understand the impact of our business, I will share some facts. We pay wholesaler bills greater than \$200,000 dollars every 2 weeks. The population of Sutherlin is 8652 and we have 16,626 people in our database, indicating that we not only serve our community, but Winchester, Drain, Yoncalla, Elkton, and Reedsport. We typically fill over 600 prescriptions on a Monday and over 2600 per week. We are the only pharmacy in Sutherlin since the BiMart closed down, making us a **Critical Access Pharmacy**. Unfortunately, Oregon holds the record for the fewest pharmacies per capita in the nation, only second to Alaska. We employ 13 people and provide a full benefits package with a matching 401k. You will see us in

the community because we sponsor the Sutherlin Valley Rec basketball teams, Oakland Football uniforms, The Throwdown, The Stampede, BlackBerry festival, SDDI.

The pharmacy is on a prominent corner of Sutherlin and it is bustling. To say we are busy is an understatement. Although hundreds of thousands of dollars are flowing through our doors, we have a negative cash flow of \$61,000 currently. In pharmacy, we are unable to set our own prices because we are subjected to the mercy of the big three PBM's that control 80% of the patient populations medications. These PBM's are steering our local residents to mail order and Roseburg. There is a new docuseries out called the Modern Medical Mafia that is a great resource for information on this.

We are members of a group purchasing organization called Align RX. In 2024, Align was unable to come to an agreement with one of the big 3 PBM's and advised us against taking a contract with them. We chose to ignore Align and went direct because we want to be in network with all of our community. We take negative reimbursements on prescriptions ALL. THE. TIME! As an independent pharmacy, we only have a few knobs that we can turn.

Here are 3 examples of how big Pharma is hurting our small business

1) The mayor of Sutherlin is being steered to mail order because the PBM's give the mail order pharmacies (that they own) much better reimbursement than they give independent pharmacies. I ran a test claim on the mayor's RX. She likes to receive a 90 day supply from her current mail order pharmacy.

For a 30 day supply, her copay with Sutherlin Drug = \$30

For a 90 day supply, her copay with Sutherlin Drug = \$125

Sutherlin reimbursement is negative for 30 day = - \$5.99

Sutherlin reimbursement is negative for 90 day = - \$34.92

For a 90 day supply, her copay with mail order = \$40

These prices for drugs are not based on cost of goods. They are not based on availability. They are strictly to steer the mayor to use a mail order pharmacy instead of her community pharmacy on Central and State.

2) The large PBM that we went direct with against Align's recommendations sent out letters to residents of Sutherlin steering to a preferred pharmacy - Walgreens or CVS. The letter is long and confusing and when we run a test claim, it is contracted. The point being that this customer brought the letter to us and asked if we are contracted, but what about all the potential customers who just accept it at face value?

3) Banner Bank is also contracted with the large PBM that we went direct with. Initially a test claim came back "not contracted". We contacted the PBM and the Banner Bank employee contacted her benefits coordinator. The Banner Bank representative said that we terminated our contract on 1/15/25. We pushed back and said that we actually went direct. The PBM said they were waiting on approval from the Plan Sponsor. After a month of negotiations, we were able to get them to pull the lever and make us contracted, but this took so much time and effort!

Sutherlin Drug is applying for the Main Street Revitalization grant in March of 2025. If awarded, we plan on expanding our long term care revenue stream and installing a drive thru. With the ever changing landscape of pharmacy, we must continue to diversify and look for any angle to stay alive. With the aging population of Sutherlin, long term care is a suitable business model. Billing for medical services is also a new trend in pharmacy that can help a pharmacy be more profitable. We are currently investigating the costs associated with these expansions.

Sincerely,  
Laura

Laura Tripp  
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