

MEMORANDUM

To: Chair Bowman, Vice Chair Drazen, and members of the House Committee on Rules

From: Marty Carty, Director of Governmental Affairs, Oregon Primary Care Association

Date: April 18, 2025

Re: Support House Bill 3409 -2

The Oregon Primary Care Association, on behalf of Oregon's Federally Qualified Health Centers (FQHCs) respectfully requests your support of HB 3409 –2. OPCA has compiled a list of frequently asked questions about 340B claim modifiers, duplicate discounts, compliance, and transparency.

Does HB 3409 –2 prohibit “claims modifiers” for 340B drugs or any other billing or reporting requirements to identify 340B claims?

No. HB 3409 –2 requires that Federally Qualified Health Centers (FQHCs) continue to report necessary data to interested parties including drug manufacturers and pharmacy benefit managers to ensure double payments do not occur. HB 3409 –2 allows the FQHC to determine if they will report data to a clearinghouse or continue to submit a “claim modifier.” The bill prohibits PBMs from mandating which process the FQHC chooses.

What are double payments?

Double payments occur **only in commercial insurance pharmacy claims** when a pharmaceutical company sells a drug to an FQHC at the 340B discount and then pays a pharmacy benefit manager (PBM) a rebate. The pharmaceutical company has made a double payment. This is unfair to the drug maker and should not happen. **Despite it being unfair, double payments are not prohibited by any state or federal law.** This is because the rebate paid to the PBM is an agreement negotiated between the manufacturer and PBM. PBMs need to know which claims are 340B eligible to avoid requesting a rebate from manufacturers. FQHCs are committed to providing the necessary claim data through either a clearinghouse or continued application of a claim modifier as laid out in HB 3409 –2.

What are “duplicate discounts

Duplicate discounts in 340B are prohibited by federal statute. A duplicate discount occurs when an eligible organization like an FQHC gets a discount on a **Medicaid** drug and then OHA also gets a rebate on the same **Medicaid** drug. If a duplicate discount happens, the drug manufacturer ends up giving two discounts which should not happen and is unfair to manufacturers.

Does HB 3409 –2 affect Oregon’s compliance with federal prohibitions on duplicate discounts?”

The Oregon Authority ensures compliance with federal statute through a nationally recognized model. CMS allows states to determine how they ensure duplicate discount avoidance. In Oregon, OHA does not use or require a “claim modifier” to avoid duplicate discounts. HB 3409 –2 is silent on duplicate discounts because OHA manages compliance with federal law on this issue and the bill makes no changes to that process.

Can 340B “claim modifiers” or “tags” can be submitted in real-time by the pharmacy?

It depends. In cases where the FQHC owns their own pharmacy the answer is “yes.” However, in cases where the FQHC contracts with a community pharmacy to dispense drugs on the FQHCs behalf, the answer is “no.” The process by which a claim is identified or “tagged” as 340B is a complicated and thorough process that requires multiple steps that are administratively burdensome, time consuming, and impossible to complete at the point of sale at a contract pharmacy. Instead, pharmacies must reopen claims once confirmed as 340B eligible, apply the “claim modifier” and resubmit the claim at additional cost to the pharmacy.

A [2022 study by IQVIA](#), a research organization which is funded by pharmaceutical companies found that, “less than 1% of claims at contract pharmacies used a 340B modifier, which we think is because the 340B status of a claim was unknown to the pharmacy at the point of sale to the patient.”

The Oregon Primary Care Association (OPCA) is the nonprofit membership organization for the state’s 34 federally qualified health centers (FQHCs). OPCA member clinics deliver comprehensive, culturally responsive integrated medical, dental, and behavioral health services for traditionally underserved communities. As a unifying voice of Oregon’s FQHCs, OPCA drives transformative policy development to advance health equity across the state and beyond.