

May 27, 2025

Chair Meek, Vice Chair McLane and Members of the Committee,

I am writing on behalf of Medical Eye Center, located in Medford and Grants Pass, with 15 eye doctors.

We are on pace to pay \$7,500,000 in 2025 to drug manufacturers for retina drugs that our doctors administer to patients with vision threatening conditions and for whom these drugs are usually the only effective treatment. This amount is basically a pass-through cost as we are reimbursed a small percentage above our cost, and that small amount is meant to cover a multitude of operating expenses involved in ordering, refrigerating, preparing, and administering the drug. We then pay CAT on this reimbursement, even though it is a pass-through.

While we are happy to pay our fair share of the CAT tax, paying it on this amount of pass-through cost is not fair. We are already paying CAT on public payer programs like Medicaid and Medicare, where the payment is set by government entities and is not subject to negotiation. Often the rates do not cover the cost. We also pay the CAT that is passed on to us from vendors.

Hospitals often receive facility fees for services we do not, so there is additional reimbursement, and they don't pay the CAT. Independent clinics are becoming increasingly rare as more and more doctors are employed by hospitals, private equity entities, and insurance-based organizations. Bills like SB 125 help provide some relief to clinics, helping insure their continued viability.

We appreciate Sen. Meek's workgroup process and hope for an exemption for drugs administered in office and some level of relief on the rate for public payer receipts.

Thanks for your consideration and commitment to strengthening independent healthcare providers.

Sincerely,

Keith Casebolt, CEO