

To: The Honorable Laurie Monnes Anderson
Chair, Senate Committee on Health Care and Human Services

From: Jeremy Vandehey
Manager, Government Relations
Kaiser Permanente Northwest

Date: March 5, 2013

Re: Comments on Senate Bill 363 – Restrictions on Mail Order Pharmacies

Thank you for the opportunity to provide comments on Senate Bill 363. SB 363 limits incentives to use mail order pharmacies by third party administrators that contract with health benefit plans to process claims for reimbursements of prescription drugs.

Kaiser Permanente is an integrated health system that includes Kaiser-owned, operated and staffed pharmacies. We have pharmacies located in our clinics, as well as a mail order pharmacy available for our 480,000 members in Oregon and Southwest Washington. Our mail order pharmacy allows Kaiser Permanente members to refill prescriptions with a click of a button in their online medical record. From the time members submit the refill request, their prescriptions are usually filled and ready for shipment in less than half an hour. For members in the Portland area, more than 90% will receive their prescription in the mail the next business day.

The mail order option is an important part of Kaiser Permanente's integrated system. It offers convenience, ensures members receive timely refills, and helps manage costs through efficiency.

The intent of SB 363 appears to be to regulate pharmacy benefit managers (PBM), particularly PBMs that own or operate their own mail order pharmacy, and not to place limits on insurers or integrated delivery systems. However, we are concerned that the definitions in the bill are not clear. While the term “pharmacy benefit manager” is used in the summary of the bill, it is not included in the bill itself, and the term “third party administrator” is not defined. We suggest that the terms be more clearly defined so that integrated models, such as Kaiser Permanente, are not unintentionally captured in the definition of PBM or third party administrator.

Further, Kaiser Permanente does use PBMs in Oregon in certain times when a member is not in our service area. We want to ensure our members receive all of the benefits that Kaiser Permanente has to offer, including the convenience and benefits of our mail order pharmacy. We request that the bill not apply to PBMs contracting with health carriers that own and operate their own mail order pharmacies.

Finally, as a matter of public policy, we encourage the Committee to consider unintended consequences of placing limits on the use of mail order pharmacies. For Kaiser Permanente, it has become an important part of providing high quality pharmacy services to our members. We think it is important that the state encourage innovation which promotes patient-centered, high value, quality services at lower costs.

Thank you for consideration. I would be happy to answer any questions.