

March 5, 2013

The Honorable Laurie Monnes Anderson  
Chair, Senate Health Care and Human Services Committee  
900 Court Street, NE S-413  
Salem, OR 97301

RE: Senate Bill (SB) 363, Anti-mail service pharmacies

Dear Senator Monnes Anderson and members of the committee:

The Pharmaceutical Care Management Association (PCMA) **urges you to vote NO on SB 363**. PCMA is the national association representing America's pharmacy benefit managers (PBMs), which administer prescription drug plans for more than 210 million Americans with health coverage provided through Fortune 500 employers, health insurance plans, labor unions and Medicare Part D.

Consumers and employers in Oregon increasingly rely on mail-service pharmacies to reduce the cost of chronic-care medications. While patients with short-term, acute needs obtain prescriptions through drugstores, those with chronic conditions such as high blood pressure or high cholesterol can use mail-service pharmacies to save money and have prescriptions delivered to their home. Compared to brick-and-mortar drugstores, mail-service pharmacies offer deeper discounts and reduced copays, generating substantial savings for consumers and employers in Oregon:

- Mail-service pharmacies **save consumers and employers an average of 15%** on prescriptions compared to brick-and-mortar drugstores.<sup>1</sup>
- Consumers and employers using mail-service pharmacies **save an average of \$22 per prescription** compared to drugstores.<sup>2</sup>
- **In Oregon, mail-service pharmacies will save more than \$453 million** for consumers, employers, unions, the state government, and other commercially-insured payers over the next ten years.<sup>3</sup>

Both the Federal Trade Commission and state governments have found that state laws and regulations that restrict the use of mail-service pharmacies raise costs:<sup>4</sup>

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<sup>1</sup> Based on data reported by the Pharmacy Benefit Management Institute (PBMI) in *2011-2012 Prescription Drug Benefit Cost and Plan Design Report*.

<sup>2</sup> Ibid.

<sup>3</sup> Visante analysis for the Pharmaceutical Care Management Association, 2012.

<sup>4</sup> Federal Trade Commission, Letter to New York Senator James L. Seward, August, 2011.

- State laws or regulations that place restrictions on how in-state insurers can use mail-service pharmacies can **decrease mail-service pharmacy use—and savings—by more than 50%** for fully-insured plan sponsors.<sup>5</sup>
- If Oregon were to enact anti-mail-service-pharmacy legislation, **prescription drug costs for fully-insured in-state health plan sponsors and their enrollees could increase by some \$147 million over the next ten years.**<sup>6</sup>

Across the country, all types of pharmacies—including independents—are filling an increasing number of prescriptions,<sup>7</sup> indicating **no marketplace rationale for restrictions on mail-service pharmacies**. And survey data show that nearly eight-out-of-ten small businesses want to be able to continue offering discounts that encourage employees to use mail-service pharmacies and that consumers who use mail-service pharmacies are highly satisfied.<sup>8</sup>

In short, Oregon should avoid costly, unnecessary, and unwanted laws and regulations that restrict the use of mail-service pharmacies. We urge you to vote NO on SB 363 and consider the consequences for Oregon businesses and consumers.

I'd be happy to provide you with additional information. Thank you for your consideration.

Sincerely,



Kelsey Wilson

Gallatin Public Affairs, representing PCMA

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<sup>5</sup> Based on data reported by the Maryland Health Care Commission and Maryland Insurance Administration, "Mail-Order Purchase of Maintenance Drugs: Impact on Consumers, Payers, and Retail Pharmacies," December, 2005.

<sup>6</sup> Visante analysis for the Pharmaceutical Care Management Association, 2012.

<sup>7</sup> Based on IMS data as reported by National Association of Chain Drug Stores in *2011-2012 Chain Pharmacy Industry Profile*.

<sup>8</sup> Ayers, McHenry & Associates, survey of small employers conducted September 2011 and survey of consumers conducted December 2011.