

**Oregon House Health Care Committee
Testimony from Lis Houchen
NW Regional Director
National Association of Chain Drug Stores
(360) 480-6990
lhouchen@nacds.org**

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Support of Proposed Amendment to House Bill 2123

On behalf of 11 chain member companies operating approximately 303 pharmacies in the state of Oregon that are engaged on the issue of Pharmacy Benefit Management (PBM) audit practices, the National Association of Chain Drug Stores (NACDS) is writing to convey support for the proposed amendment to House Bill 2123 that, among other things, establishes appropriate parameters on the audit practices of pharmacy benefit managers. We respectfully urge members of the Oregon House Health Care Committee to vote in support of this important amendment. We also thank Representatives Bailey, Thompson and Doherty for inviting NACDS to the stakeholder meetings that took place during the Legislative interim.

PBMs are entities that design, negotiate and manage prescription drug benefits on behalf of a variety of health plans, including large organizations such as employers, unions, insurance plans and the government. Collectively, PBMs have the ability to determine the details of prescription drug benefits available to patients through their plans and are able to use their leverage over pharmacies to mandate specific contract terms, including terms for auditing pharmacy providers.

PBM audits are intended to prevent fraud, waste and abuse. However, PBMs can use audits to limit their costs by focusing on technical miscues as opposed to actual indications of fraud. PBMs also make unilateral alterations to their pharmacy audit practices and procedures, which challenges pharmacies' abilities to comply. The proposed amendment to House bill 2123 would address these issues by establishing fair and reasonable standards for pharmacy audits such as preventing PBMs from recouping claims because of typographical errors and allowing pharmacies to appeal an audit's findings, while also ensuring that PBMs are able to identify and recoup any inappropriate or fraudulent claims.

For the reasons discussed above, chain pharmacy respectfully urges members of the Committee to vote in support of the proposed amendment to House Bill 2123.

We appreciate the opportunity to provide our members' perspective on this matter, and welcome the opportunity to work with policymakers to promote fair pharmacy audit practices in the state of Oregon.