



PHARMACEUTICAL CARE MANAGEMENT ASSOCIATION

April 2, 2015

The Honorable Mitch Greenlick  
House Health Care Committee  
Oregon State Capitol  
900 Court Street NE  
Salem, OR 97301

Re: Opposition to House Bill 3178

Dear Chair Greenlick:

The Pharmaceutical Care Management Association (PCMA) is writing the following letter to express our opposition to H.B. 3178 because this legislation undermines the 2013 stakeholder compromise and dictates private contract terms. PCMA is the national association representing America's pharmacy benefit managers (PBMs), which administer prescription drug plans for more than 216 million Americans with health coverage provided through Fortune 500 employers, health insurance plans, labor unions, and Medicare Part D.

In 2012, a large stakeholder group convened to discuss issues related to the registration of PBMs, pharmacy audits, and maximum allow cost (reimbursement for the dispensing of generic drugs). These stakeholders included local pharmacists, chain drug stores, health plans, the PBMs, etc. After a significant amount of workgroup meetings that started in 2012 and continued throughout the 2013 session, **a compromise was finally reached with all parties involved signing off on the law that was enacted.**

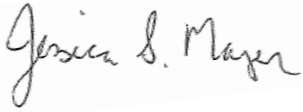
Oregon Revised Statutes §§ 735.530 to 735.552 related to "Pharmacy Benefit Managers" didn't actually go into effect until January 1, 2014. Therefore, this law has been largely in effect for only a little over a year. Additionally, parts of the legislation didn't go into effect until January 1, 2015 -- **thus only operative for 12 weeks or so.** H.B. 3178 goes well beyond the scope of the final compromise which specifically and intentionally did not include certain provisions that would be added back in here by this legislation, such as the disclosure of methodology for MAC pricing, which is proprietary information, and the health plan disclosure requirements. The legislation also redefines a pharmacy benefit manager as a third party administrator which was not contemplated by the original compromise, changes timeframes, and adds new and vague language.

Additionally, sections 2 (2)(j) & (k) of H.B. 3178 unnecessarily dictate private contract terms and disclosures for PBM clients. PBM clients – including health plans, insurers, major employers, unions, the federal government, and state and local governments – are sophisticated purchasers of health care that rely on PBMs to manage their drug benefits. Purchasers dictate the terms and conditions of the services provided by the PBM by identifying in the Request for Proposal (RFP) process what they want, what options are available to them, what resources they have available, and how much involvement they want to have in setting the benefits and policies. H.B. 3178 takes away the ability of health plans and employers to create a pharmacy benefit plan that best suits their needs by requiring

certain disclosures be used in all contracts. If a health benefit plan policyholder or certificate holder wants certain financial information, they make this a requirement of their bid and negotiate the terms in their contract.

For these reasons, PCMA opposes H.B. 3178. Please let us know if we can provide any additional information. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Jessica S. Mazer". The signature is written in black ink on a light-colored background.

Jessica S. Mazer, Esq.  
Assistant Vice President, State Affairs

c: Members of the House Health Care Committee