

The Honorable Senator Laurie Monnes Anderson, Chair
Honorable Members of the Senate Committee on Health Care
Oregon State Legislature
900 Court St. NE
Salem Oregon 97301

February 1, 2016

Re: National Community Pharmacists Association (NCPA) Strong Support of Senate Bill 1505

Dear Sen. Monnes Anderson:

I am writing on behalf of the National Community Pharmacists Association (NCPA) in strong support of Senate Bill (S.B.) 1505. S.B.1505 would reasonably strengthen H.B.2123/Chapter 570 which was enacted during the 2013 legislative session. The intent of H.B. 2123 was to ensure a fair and transparent medication delivery marketplace for independent community pharmacies and the patients they serve in the state Oregon by reforming the practices of Pharmacy Benefit Mangers (PBMs). However, the enacted legislation lacked a reasonable degree of defined enforcement authority that pharmacy has since learned is vital for proper implementation and enforcement of such laws, nationwide. Oregon was one of the first states to enact such a PBM reform law and soon after, the law became a model for other states to follow. H.B. 1505 simply ensures that the law currently in place will be properly complied with by adding and amending language that reinforces its original intent.

NCPA represents the pharmacy owners, managers and employees of more than 23,000 independent community pharmacies, pharmacy franchises, and chains across the United States. NCPA members dispense nearly half of our nation's retail prescription medications. In the state of Oregon, there are 144 independent community pharmacies that employ approximately 1,426 citizens full-time. Community pharmacies represent a vital component to Oregon's "Main Street" economy.

PBM reform legislation, including Generic drug pricing or "MAC transparency" legislation has become a national trend with 26 other states having enacted some form of such laws. This trend has impacted federal programs as well, with the United States Center for Medicare and Medicaid Services (CMS) now requiring MAC transparency within the Medicare Part D program¹. As stated above, Oregon was one of the first states to take this important step. Although these laws have taken necessary and critical steps towards ensuring a fair and transparent small business and medication delivery marketplace, many states are facing challenges with proper enforcement and compliance. In order to determine the effectiveness of these laws, NCPA recently conducted a national survey of its membership. The survey revealed that 42.9% of NCPA members in states with MAC transparency laws enacted (including Oregon,) felt that since the passage of the law in their state, the amount of time it takes a PBM to update pharmacy generic drug reimbursement rates has actually *worsened*—while 53.4% said that the rate of update speed has remained the same. The data revealed that although the intent of the legislation is to increase transparency, and reasonably reform PBM practices in the state, PBMs have simply failed to comply, requiring some states to revisit their legislative language to ensure

¹ 42 CFR Parts 417, 422, 423, et al. Medicare Program; Contract Year 2015 Policy and Technical Changes to the Medicare Advantage and the Medicare Prescription Drug Benefit Programs; Final Rule; 18. Prescription Drug Pricing Standards and Maximum Allowable Cost (§ 423.505(b)(21))

proper implementation and compliance. NCPA respectfully calls on Oregon to follow this national trend and take proper steps to provide the enforcement authority necessary to ensure compliance of the existing law.

S.B. 1505 takes many steps that will ensure that the intent of Oregon's PBM reform and transparency law is not undermined by lack of compliance and enforcement. Across the nation, PBMs have found many ways to deliberately circumvent the intent of PBM reform and transparency laws. S.B. 1505 attempts to close some of these loopholes.

In conclusion, NCPA urges the support of S.B. 1505—which would strengthen Oregon's already existing law and ensure a fair and transparent medication delivery marketplace. This much needed legislation takes the above mentioned and many other steps to ensure that the true intent of Chapter 570 is properly implemented and enforced. NCPA would like to emphasize that S.B.1505 does not go above and beyond the intent of Chapter 570. Oregon pharmacists are not asking anything more of the legislature than to support the intent of the original law and ensure that that law is complied with properly through the addition of the amendments within S.B. 1505. If you have any questions about the information contained in this letter or wish to discuss in greater detail, please do not hesitate to contact me at matt.diloreto@ncpanet.org or at (703) 600-1223.

Sincerely,



Matthew J. DiLoreto
Senior Director - State Government Affairs

CC: Members of the Senate Committee on Health Care