



Statement on SB 872

The Oregon Pharmacy Coalition supports efforts to increase transparency in healthcare costs but has concern about the feasibility of certain components of SB 872.

The Oregon Pharmacy Coalition supports the prohibition of PBM “gag clauses” and any other contractual language preventing a pharmacist from carrying out their professional and ethical responsibilities to patients. Informing a patient that they may be financially better off without utilizing an insurance benefit just makes sense, and any limit on doing so is a mechanism to keep money in the PBM system. It also makes sense that the out of pocket costs incurred by a patient for a healthcare service outside their benefit should count towards deductibles and out of pocket maximums. We are strongly in support of this component of SB 872.

The Oregon Pharmacy Coalition supports measures that level the competitive landscape, including transparency around PBM costs and rebates. That being said, it is unclear if requiring a fee for service-based payment model for government and CCO’s will achieve this goal or simply shift costs elsewhere. We encourage additional study around this concept with relevant stakeholders.

The Oregon Pharmacy Coalition is concerned about the proposal to disclose certain hospital and medical provider billing information. As part of the recently implemented 2019 inpatient and long-term care hospital prospective payment system (IPPS/LTCH PPS) final rule, hospitals are already required to post price lists publicly and update them annually.

The nature of hospital-based billing is extremely complex, and quite different than pharmaceutical pricing in the community pharmacy setting. Disclosing limited information related to drugs in the hospital realm paints an incomplete picture. Hospitals have tactics in place to ensure adequate reimbursement to cover their total costs and to get reimbursed fairly from a variety of payors. Placing emphasis on just the drug component without considering the other costs to the hospital will create confusion without increasing transparency.

Some components of the proposal would be difficult if not impossible to comply with due to the complexities of hospital billing and pharmaceutical purchasing. Retrospective systems such

as rebates and the 340b program make it difficult to report acquisition cost at the individual charge level. Certain drugs are referred to as “commonly bundled” by CMS, meaning that there isn’t a line-item charge for that drug at all.

To summarize, we are supportive of efforts to increase transparency and reduce healthcare costs, but SB 872 has a number of provisions that would be confusing, difficult to interpret, or difficult to implement. The Oregon Pharmacy Coalition is supportive of the prohibition on gag clauses, but otherwise urges additional study on the components of SB 872.