



March 20, 2019

Chair Monnes Anderson, Members of the Senate Health Committee,

Thank you for continuing your work to address the spiraling costs of prescription drugs in Oregon. It's no secret that pharmaceutical costs are the fastest rising cost in the health care system, so we applaud the legislature's efforts to address this issue. We do have some notes on the bill for you to consider.

Formulary Language Posting on Website – (Sections 7,8,9) Some of these requirements will be technically difficult or costly to implement. Currently we post most of this information on our website, but it's organized by tier. It would be difficult to additionally list every drug alphabetically outside the tiered posting.

60 Day Notice – (Sections 7,8,9) In principle we are ok with the 60-day notice requirement. There are instances though where a drug must drop off a formulary in less than this allotted time. This is usually because of a safety notice from the FDA or some other entity. We would ask that exceptions be made to the 60-day notice when there are safety or emergency reasons.

Generic Substitution – (Sections 7,8,9) In some rare occurrences the name brand drug is less expensive than the Generic. We ask that the substitution clause reference "when the generic is the lower cost" to address this issue.

Gag Rule and Cash Price – (Sections 10,11,12) We support the no gag rule clause but have some concern in the way the cash price language is written. If a consumer doesn't access their benefits and verify that the cash price is lower, we are not able to track this payment. We would be fine to apply the lower cash price to a deductible or out of pocket max if a claim was submitted by the pharmacist.

We are concerned though that this provision does allow for increased practice of cash reimbursement by pharmaceutical companies. We believe that if a consumer was to pay \$1,000 up front and get \$900 reimbursed after the fact by a third party, then only \$100 should be applied to the deductible or out of pocket max. There is the potential for an unintended consequence of manufacturers increasing their prices at a higher rate because insurers will be forced to pay a higher percentage of the cost.

PBM Reporting – We appreciate the legislature's desire to look at the whole supply chain but want to raise a few concerns. First it is usually the case that one PBM manages one Health Plan's pharmacy program. If PBM's report this information and it is made public, then it will disclose proprietary information for each individual contract.

In addition, not every entity that access drug rebates uses a PBM. This bill requires only PBMs to report this information. The result will cause two problems. The state will not have complete information on rebates in Oregon's healthcare industry and those who use PBMs to negotiate

pharmacy deals will be disadvantaged from those who don't. We encourage the committee to consider a fair and universal approach to reporting.

Thank you for your consideration of these notes and we are happy to meet with anyone to address any changes to SB 872.

Sincerely,
Vince Porter
Director of Government Affairs