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March 20, 2019

The Honorable Laurie Monnes Anderson
Chair, Senate Health Care Committee
State Capitol
Salem, Oregon 97301

RE: Senate Bill 872 – Prescription Drugs

Dear Senator Monnes Anderson and members of the committee:

Providence Health & Services understands that rising health care costs, in particular prescription drug costs, are making it harder for Oregonians to afford the care that they need. In an effort to reduce this burden we support policies that create more stability and transparency around pharmaceutical costs for consumers, without increasing the overall cost of care.

While we support the majority of provisions in Senate Bill 872, we request that the Committee address a few areas of concern before moving this bill forward.

Lesser of cost-share or cash price

Providence agrees that patients should pay the lowest cost possible at the pharmacy counter and we support this concept. However, we would like to see a requirement for pharmacies to submit claims to insurers for lower of the cash price or the usual and customary (U&C) price when that is a lower cost option for the member. This would ensure that patients pay the absolute lowest cost possible whether it be cost-share, cash or U&C. Insurers would then be able to seamlessly apply those costs toward deductibles and out-of-pocket maximum accumulators, capturing the prescription in patient records and allowing insurers to provide more comprehensive and higher-quality care.

Disclosure of rebates, fees and reimbursements

Providence Health Plan works hard to negotiate the best prescription drug prices for our members and we pass on cost savings to them. We are concerned that posting costs and rebates associated with specific drugs could actually result in higher prices for some purchasers, as drug manufacturers may be reluctant to negotiate best pricing knowing that the prices will be made public. This would result in higher prices for our members and be contrary to the intent of this bill. We think the need for transparency could be better served by posting aggregated information regarding margins and rebate percentages.

Disclosure of hospital and provider drug prices

Providence agrees that patients should receive information about the care they received and how much it costs but we have operational concerns about the proposed provisions. First, many payments to hospitals and providers are ‘bundled’ which means that the provider is paid for the entire service, not by line item. This would

make compliance with the section very difficult as we are not able to parse out the portion of the bundled payment attributable to any particular drug. Bundled payments are designed to hold the provider accountable for managing cost and quality outcomes for a particular procedure. It would be contrary to principle of a bundle to try and assign costs on a line-item basis as it is a capitated payment for a particular service.

Further, drug shortages are an unfortunate common occurrence. Often have different national drug codes (NDC) in stock because we are making purchases all over the country from different vendors in order to ensure we have enough of the drug on hand for our patients. Providence bills for the most common NDC used for that condition, not necessarily the exact NDC used. The administrative burden for hospitals, if required to track and report the specific purchase price of each drug administered as we believe SB 872 requires, would actually add cost to the system. Providence would urge the committee to allow hospitals to use the most common NDC and not add additional cost to the system.

Finally, we are concerned about the confusion this provision may cause patients when they receive their bill. One of the common concerns we hear from patients is that their bills are very complex and hard to understand. Our goal is to make bills easier to understand – and we are concerned that the number of comparator line items on drugs may actually make it harder for individuals to sort out what they actually owe. The bill requires us to show comparator pricing for each drug for the following entities:

- Oregon Health Authority
- Oregon Educators Benefit Board
- Public Employees' Benefit Board
- Medicare
- Commercial Insurers

There are six domestic carriers in Oregon, and a number of other national carriers with whom we have contracts. It's not uncommon for hospitals to have different contracts with a plan based upon a particular product. This could lead to no less than 10 comparator prices listed on every drug, and likely more. The price may all be similar, or they may be different, but making that information available to consumers in a way that it understandable is likely to be difficult and lead to new frustrations about the complexity of bills.

Thank you for the opportunity to provide comments and we look forward to further discussion.

Sincerely,



Jessica Adamson
Director, Government Relations – Oregon
Providence Health & Services