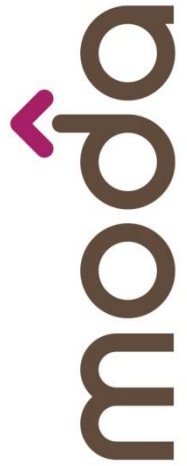


March 21, 2019

The Honorable Andrea Salinas, Chairman  
House Committee on Health Care  
Oregon House  
900 Court St NE, HR-E  
Salem, OR 97301



Re: House Bill 2840

Dear Representative Salinas,

Moda Health is testifying today to express reservation with certain elements of House Bill 2840, a bill that seeks to curtail certain practices of pharmacy benefit managers.

HB 2840 would impose gag clause restrictions on PBMs that would restrict a PBM from prohibiting a pharmacist from providing information regarding cost share for a prescription drug and the clinical efficacy of lower cost alternative drug options. This is a concept that Moda endorses and is fully supportive of.

However, HB 2840 also includes provisions that may impact our ability as an insurer to provide the best possible pharmacy benefit for the lowest possible cost. In fact HB 2840 includes provisions that may result in higher costs for carriers which would translate into higher costs for groups and members. These concerns break into three areas:

1. Section 2(1) which restricts the use of mandatory mail order pharmacies which can result in higher costs and less effective standardization of care for individuals requiring chronic medications for the ability. Mail order pharmacies have a long history of providing members convenience and ease with getting their chronic use medications and have a demonstrated record of doing so for lower costs. Moda Health opposes this provision within HB 2840.
2. Section 2(6) which prevent PBMs from assessing adjudication fees to pharmacies. These fees have historically been assessed to pay for a pharmacy's use of adjudication technology that the PBM uses to assess whether a claim submitted for approval by a pharmacy is eligible for payment. By preventing PBMs from assessing a fee to a pharmacy for accessing their technology, the bill may result in a cost shift to consumers or payers. This would increase our administrative costs and may ultimately be reflected in higher costs for groups and members. This language should be removed from the bill as it has no relation to the merit-worthy restriction on pharmacy gag contract language that the bill seeks to eradicate.
3. Section 2(7) which would prevent a PBM from recovering from pharmacies the cost for claims that have been determined to be filed inaccurately or in error and disallowed. We rely on our PBM partners to ensure that the pharmacy networks we deploy for our members process claims accurately. When a claim is improperly dispensed, it must be



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reversed and the recovered amounts must be recovered. These recovered amounts return to carriers, self-insured groups or the government agency providing the benefit medications and reimbursement of claims. Ensuring that the prescription prescribing and dispensing process is done properly and accurately is extremely important to manage a pharmacy benefit. This provision of HB 2840 will result in higher costs for carriers which will also be borne by groups and members in the form of premiums and benefit costs.

Oregonians should be able to get their prescriptions at the lowest price available to them. Pharmacists should be able to inform their customers when their medication would cost less if they pay out of pocket rather than use their insurance. Moda Health supports that intent of HB 2840 but respectfully requests the committee to consider the aforementioned sections of this bill for removal.

Moda Health appreciates the opportunity to comment on HB 2840. If you have any question, please do not hesitate to contact me at: [robert.judge@modahealth.com](mailto:robert.judge@modahealth.com), or (503)703-2195.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Judge", written in a cursive style.

Robert Judge  
Director, Pharmacy Services

