



Oregon's Commercial Activity Tax decreases access to healthcare, threatens patient safety and hurts pharmacies and communities.

The Oregon State Pharmacy Association and the Oregon Society of Health-System Pharmacists need your help to address the significant impact that the Corporate Activity Tax (CAT) has had on independent pharmacies and small regional chains. **SB 1507 does that by exempting the revenues derived from the sale of prescription drugs.**

Community pharmacies are uniquely impacted by the CAT. Unlike other businesses, the price paid by the consumer is determined by a pharmacy benefit manager (PBM) or other third-party payer, not by the pharmacy itself. All PBM and third-party payers require that pharmacies charge consumers the amount outlined in the contracts (i.e., deductible, copayment, coinsurance), and explicitly prohibit additional amounts to be passed onto the consumer. Examples from these contracts include, *"The provider cannot waive, discount, reduce or increase the plan member copayment amount determined by the claims processing system"* and *If the provider collects an amount in excess of the determined copayment, the payer contractually has the right to recover any excess from pharmacy payments and return them to the plan member."* As a result, while drug wholesalers and manufacturers can pass along the impact of this tax to the pharmacy by increasing the cost of goods, the pharmacy is unable to pass along any of the cost tax burden to the consumer. Pharmacies are being double-taxed as they have to pay the taxes of the drug suppliers and again pay the tax when they sell the drugs. This is an unfair tax burden to community pharmacies.

The financial viability for many community pharmacies is precarious for numerous reasons, but the impact of the CAT has already been cited as a key driver in the decision for Bi-Mart, a chain retailer, to discontinue pharmacy operations in Oregon and in the closure of an independently-owned community pharmacy. For Oregon pharmacies, who are now getting crushed under the weight of the COVID pandemic without ability to attract...let alone afford more staff...this has become a burden to great to bear. And it threatens patient safety issues as pharmacy closures and limited staffing and operations in pharmacies across the state have led to customer backlogs and patients missing their prescribed medications.

SB 1507 provide an exemption for the sales of prescription drugs. **To help ensure patient safety and that all patients have access to a pharmacy within their community, please support this legislation.** Thank you for your consideration.