



January 25, 2023

TO: House Health Care Committee  
FR: Maribeth Guarino, Health Care Advocate, Oregon State Public Interest Research Group (OSPIRG)  
RE: In Support of HB 3012 and PBM Transparency

My name is Maribeth Guarino and I am the health care advocate at OSPIRG and am also here today on behalf of the Oregon Coalition for Affordable Prescriptions (OCAP). OSPIRG is a statewide, citizen-based, public interest organization representing thousands of Oregonians. OCAP is a diverse coalition of organizations and advocates that work to rein in drug prices and hold the pharmaceutical industry accountable.

We support HB 3012 and its goals of transparency for pharmacy benefit managers (PBMs). PBMs are the middlemen of the pharmaceutical supply chain, influencing the price and cost of prescriptions in a variety of ways. Among other roles, they work with manufacturers and health plans to create drug formularies, which determine which prescription drugs are covered by insurance and at what cost to the insurer and the consumer. PBMs maximize profits for themselves and other entities in the supply chain like manufacturers through negotiated rebates and discounts in return for placing drugs - often brand-name and more expensive drugs - at preferred tiers on the formulary which have higher cost-sharing for consumers. They also negotiate prices with pharmacies, as Rep. Nathanson discussed in her testimony.

Middlemen are not inherently bad in a marketplace, but in the case of prescription drugs, we find that there is a huge risk of predatory behavior due to consolidation and a lack of transparency. Many PBMs are actually part of drug manufacturing companies, meaning that they really aren't middlemen anymore and instead negotiate with themselves to inflate prices and profits. Last year, the National Association of Insurance Commissioners (NAIC) found that the three largest PBMs (ExpressScripts, CVS Caremark, and OptumRx) controlled nearly 90% of the market.<sup>1</sup>

HB 3012 is in line with the Prescription Drug Price Transparency Program's recommendations from 2019 and 2021 for transparency throughout the pharmaceutical supply chain. Currently, the program receives information about the wholesale acquisition cost, but as the graphic from the Congressional Budget Office and the Transparency Program's 2019 annual report which included in my testimony demonstrates, wholesalers and PBMs have little to no direct contact.<sup>2</sup> There are many other financial negotiations between entities in the supply chain, including PBMs, that significantly change the actual cost of the prescription at the pharmacy counter or on an insurance claim. This financial burden is often

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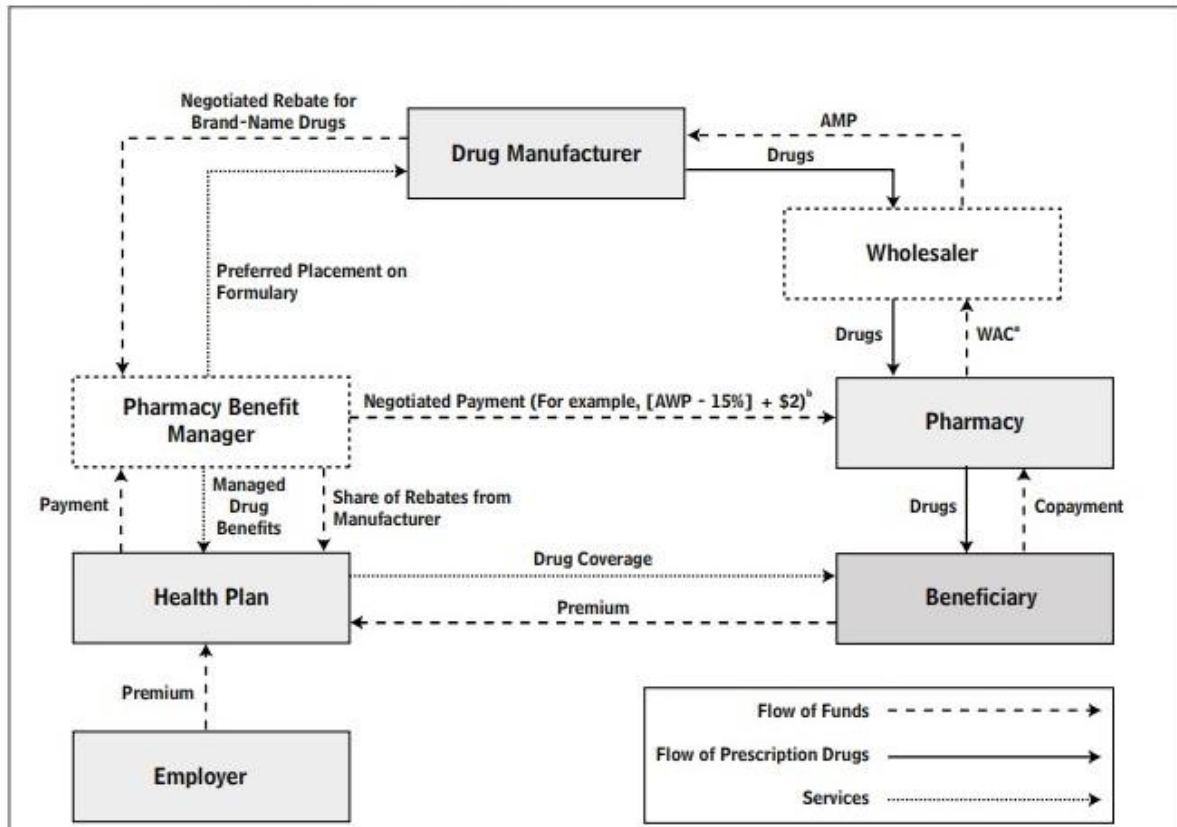
<sup>1</sup> National Association of Insurance Commissioners. Pharmacy Benefit Managers. April 11, 2022. [https://content.naic.org/cipr-topics/pharmacy-benefit-managers#:~:text=Today%2C%20there%20are%206%20PBM,of%20UnitedHealth%20Group%20Insurance\)%20%E2%80%93%20controlling](https://content.naic.org/cipr-topics/pharmacy-benefit-managers#:~:text=Today%2C%20there%20are%206%20PBM,of%20UnitedHealth%20Group%20Insurance)%20%E2%80%93%20controlling)

<sup>2</sup> Oregon Prescription Drug Price Transparency Program. Annual Report.2019. <https://dfr.oregon.gov/drugtransparency/Documents/Prescription-Drug-Price-Transparency-Annual-Report-2019.pdf>

placed on the consumer, and the cost may not be clear to them until they actually go to fill a prescription.

**Figure 1: Pharmaceutical Supply Chain for Brand-Name Drug at Retail Pharmacy with Employer Health Insurance Plan**

Source: Congressional Budget Office <sup>11</sup>



The fact is, prescription drugs cost too much for Oregon consumers. One man described to me the monthly conversations he has with his mother, who is a cancer patient on a fixed income and suffers from other chronic illnesses. He often helps her with her prescription costs, but even so they have had to ignore some of her prescriptions for pain management, sleep, antidepressants, and anxiety which help with her quality of life in favor of the more expensive prescriptions that were literally saving her life. He said, "I am happy to help my mom, and I will always do everything I can to make her days better, but she shouldn't be in a situation where the only way she can afford to have the medicine she needs to continue living is when someone else is able to afford it."

One of the ways we can ensure Oregon families are not paying through the nose and sacrificing other needs or aspects of their health in return for life-saving medication is to increase transparency. When we can't identify where the problem lies, we can't hope to implement a solution. Shedding light throughout the pharmaceutical supply chain will build up Oregon's transparency program which has already led to policy changes like the Prescription Drug Affordability Board so that we can actually lower prescription drug costs. Oregonians are dealing with this issue now, every day at the pharmacy counter. It's their

health on the line - they can't afford to wait. I urge you to take this matter as seriously as they do, and to pass HB 3012.

Thank you.