



DEMOCRATIC PARTY OF LANE COUNTY

To: House Committee on Behavioral Health and Health Care
From: Charlie Swanson, Chair, Platform Committee of the Democratic Party of Lane County
Re: Support for HB 4149 – Pharmacy Benefit Manager licensing

February 6, 2024

Dear Chair Nosse, Co-vice Chairs Goodwin and Nelson, and Members of the Committee,

I am writing on behalf of the more than 100,000 Democrats in Lane County to urge you to better regulate pharmacy benefit managers (PBMs) and to protect pharmacies by recommending passage of HB 4149. We are very pleased to see bicameral bipartisan support for this important step in the right direction.

Requiring PBMs to be licensed to do business in Oregon will allow the Department of Consumer and Business Affairs (DCBS) to better reign in misbehavior of these healthcare middlemen, and to protect the good actors from inappropriate competition. DCBS can learn more about how to help patients with affordability and access with the required filings.

Establishing a dispensing fee can help protect rural pharmacies, which are important for access to prescription drugs and other healthcare that pharmacies and pharmacists provide. It will also help a little with rural employment.

A quick calculation suggests that the impact of a dispensing fee on insurance premiums will be very small. I estimate that there are between 58 million and 87 million prescriptions filled in Oregon in a year.¹ Probably fewer than 15% are filled by pharmacies to which PBMs will pay the dispensing fee.² So I estimate that at most 13 million dispensing fees will be paid.³ At \$10 apiece, that amounts

¹ Number of Rx in a year for U.S. from <https://www.statista.com/statistics/238702/us-total-medical-prescriptions-issued/>, decreased by either Oregon fraction of national Rx expenditure or Oregon fraction of national population.

² Only 13% of retail Rx expenditures are to independent pharmacies nationwide - <https://aspe.hhs.gov/sites/default/files/documents/88c547c976e915fc31fe2c6903ac0bc9/sdp-trends-prescription-drug-spending.pdf>

³ This estimate could be too low if critical access pharmacies dispense a lot more prescriptions in Oregon than what expenditures in independent pharmacies nationwide suggests.

to \$130 million, which is less than 1% of the expenditures of Oregon's private insurers.⁴ If an insurer has a large fraction of members who fill prescriptions at critical access pharmacies or very small pharmacy chains, the impact would be greater.

The bill protects independent pharmacies from vertically integrated insurers who might try to squeeze the pharmacy out by inappropriately preferring a pharmacy they own. It is a step in the right direction to prevent healthcare monopolies from gaining too much more control over our lives.

We strongly urge the Committee to move HB 4149 forward, and we urge legislators to ask for advice about some of the details in this bill from those in the public sector who have great expertise in drug purchasing programs.

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