



OREGON STATE PHARMACY ASSOCIATION

19363 Willamette Drive #260 • West Linn, Oregon 97068
(503) 582-9055 • www.oregonpharmacy.org • info@oregonpharmacy.org

May, 1, 2025

Chair Patterson, Vice Chairs, and Members of the Senate Health Committee,

On behalf of the Oregon State Pharmacy Association (OSPA), we write to express our unwavering support for House Bill 3226, a critical measure designed to strengthen oversight of pharmacy benefit managers (PBMs) and create a more equitable, transparent pharmacy marketplace throughout Oregon.

The Oregon Legislature has made significant strides in recent years to address problematic PBM practices that compromise patient care and jeopardize the viability of independent pharmacies. Despite these well-intentioned efforts, PBMs continue to circumvent regulatory safeguards—particularly by channeling contracts and payments through Pharmacy Services Administrative Organizations (PSAOs), entities that currently operate beyond the protective scope of state pharmacy law.

PSAOs serve as negotiating intermediaries for community pharmacies, particularly smaller independent operations that lack the resources to engage directly with PBMs. However, when PBMs impose detrimental terms—including below-cost reimbursements, unpredictable retroactive fees, or exclusionary network designs—they frequently evade accountability by claiming the pharmacy "voluntarily agreed" to these conditions through their PSAO. Because PSAOs are not currently recognized as pharmacies under Oregon statute, PBMs exploit this structural loophole to sidestep both regulations and meaningful oversight.

House Bill 3226 provides a targeted, effective solution to this problem. The bill clarifies that when a PSAO enters into a contract representing a pharmacy, that PSAO is considered an extension of the pharmacy for regulatory purposes. This prevents PBMs from escaping accountability merely by altering the contracting entity. Additionally, the legislation requires PSAOs to register with the Department of Consumer and Business Services as third-party administrators—a reasonable measure to enhance transparency. Importantly, the bill includes appropriate exemptions for PSAOs that maintain independence from PBM ownership and derive revenue solely from service fees unrelated to drug pricing or volume.

At its core, HB 3226 is about safeguarding both pharmacies and the patients they serve. Independent pharmacies deserve consistent regulatory protections regardless of their contracting approach with PBMs. Oregon patients deserve a pharmacy ecosystem that is stable, transparent, and centered on their healthcare needs—not one dominated by complex financial arrangements that obscure accountability and diminish access to care.

For these compelling reasons, OSPA strongly urges your support for HB 3226. We appreciate your thoughtful consideration of this important legislation. Our organization remains available to answer any questions and serve as a resource as this bill progresses.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Mayo", with a long horizontal line extending to the right.

Brian Mayo
Executive Director

Leading Pharmacy, Advancing Healthcare