

September 25, 2018

Jesse O'Brien
Senior Policy Analyst
Oregon Division of Financial Regulation
350 Winter St. NE
Salem, OR 97309

RE: NCPA COMMENTS TO THE PRESCRIPTION DRUG PRICE TRANSPARENCY RULEMAKING ADVISORY COMMITTEE

Dear Mr. O'Brien,

Thank you for the opportunity to provide comments to the HB 4005 Rulemaking Advisory Committee (RAC) on behalf of the National Community Pharmacists Association.

NCPA represents the interest of America's community pharmacists, including the owners of more than 22,000 independent community pharmacies across the United States and 125 independent community pharmacies in Oregon. These Oregon pharmacies filled over 7 million prescriptions last year, impacting the lives of thousands of patients in your state.

RAC has been established "to provide notice and disclosure of information relating to the cost and pricing of prescription drugs in order to provide accountability for prescription drug pricing."¹ To achieve that goal, RAC is considering rules that will require health insurers to file a report with information detailing "the impact of the costs of prescription drugs on premium rates."² This includes information addressing the most frequently prescribed drugs, the most costly drugs, and rebates and other price concessions.

There is another factor not addressed in the proposed rules that significantly impacts drug costs: the PBM spread. Frequently, when a prescription is filled, a PBM will reimburse the pharmacy one amount, charge the plan sponsor a higher amount, and pocket the difference. Plan sponsors have begun realizing that this spread represents a significant portion of their drug spend. For example, in Ohio, of the \$2.5 billion that the state spends annually through PBMs on Medicaid prescription drugs, \$224.8 million is kept by the PBMs through the spread alone.³ In Kentucky, the state spends \$1.68 billion annually on 25 million prescription drug claims in the Medicaid managed care program. That amounts to \$67.20 per prescription, but the best evidence shows that pharmacies

¹ <https://dfp.oregon.gov/help/committees-workgroups/Pages/prescription-price-transparency-rac.aspx>.

² Section 836-05309473(2)(I)(D).

³ Auditor of State of Ohio, *Auditor's Report: Pharmacy Benefit Managers Take Fees of 31% on Generic Drugs Worth \$208M in One-Year Period*, (Aug. 16, 2018) <https://ohioauditor.gov/news/pressreleases/Details/5042>.

receive only \$36-\$42 per prescription.⁴ Kentucky lawmakers wanted to know where their prescription drug dollars were going, so they passed legislation requiring disclosure of the PBM spread.⁵ Louisiana, Georgia, and Virginia have passed similar legislation.

The PBM spread represents a significant amount of money and clearly impacts premium rates. As such, it is precisely the type of information that should be included in insurers' filings with the Department of Business and Consumer Services. We urge RAC to require insurers to include PBM spread amounts in their filings with DBCS. Such a requirement will give the department a better understanding of how prescription drug costs impact total health care costs and will provide greater accountability for prescription drug pricing.

If you have any questions about the information contained in these comments or wish to discuss the issue in greater detail, please do not hesitate to contact me at matthew.magner@ncpanet.org or (703) 600-1186.

Sincerely,



Matthew Magner, JD
Director, State Government Affairs

⁴ *Hearing Before the S. Comm. On Health and Welfare, 2018 Regular Session (Ky. Jan. 24, 2018), available at <http://www.ncpa.co/pdf/kentucky-testimony-jan2018.pdf>.*

⁵ Ky. Rev. Stat. § 205.647.