

October 2, 2026



Chair Bailey and Members of the Board
Oregon Prescription Drug Affordability Board

Via PDAB Public Comment Form

Re: Comments on Pharmacy Benefit Manager Policy Concepts

Dear Chair Bailey and Members of the Board:

Prime Therapeutics LLC ("Prime") respectfully submits these comments regarding the pharmacy benefit manager ("PBM") policy concepts under consideration.

Prime is a PBM owned by 19 not-for-profit Blue Cross and Blue Shield Insurers, subsidiaries, or affiliates of those Insurers, including Regence BlueCross BlueShield of Oregon. Prime helps people get the medicine they need to feel better and live well by managing pharmacy benefits for health plans, employers, and government programs including Medicare and Medicaid. Our company manages pharmacy claims for more than 30 million people nationally and offers clinical services for people with complex medical conditions. Our business model relies on transparency and advocating for simpler, lowest-net-cost pricing for drugs. Importantly, Prime is focused on purpose beyond profits. We are not publicly traded or owned by a private equity firm. As such, it is not our primary motivation to maximize profits; our primary motivation is to do the right thing.

We appreciate the opportunity to provide the Board with our perspective.

Prime shares the Board's goal of making prescription drugs more affordable for Oregonians. To advance that goal, each proposal should be evaluated against a clear and measurable standard: **whether it will reduce total prescription drug costs for patients and purchasers rather than merely shift costs among participants in the drug supply chain.**

Key Considerations

1. **Manufacturers set drug prices.** PBMs are retained by health plans, employers, and public programs to negotiate against those prices and secure discounts and rebates that reduce net costs.
2. **Lower-cost medicines account for most prescriptions.** Approximately 90% of prescriptions dispensed in the United States are generic or biosimilar medicines. This utilization pattern is inconsistent with the assertion that PBMs systematically favor higher-cost drugs over clinically appropriate, lower-net-cost alternatives. A PBM that routinely selected more expensive options would fail its clients, lose business, and undermine its responsibility to reduce drug spending.
3. **Negotiated savings (i.e., rebates) largely flow to Oregon insurers.** Oregon's 2026 Prescription Drug Price Transparency Program report states that PBMs received more than \$217 million in manufacturer payments and passed more than \$210 million—96.6%—to Oregon insurers.

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This is consistent with reporting for operations in 2024 and 2023 that also found more than 97% of rebates and other payments received by PBMs were passed to carriers and enrollees. These data indicate that negotiated savings overwhelmingly flow to the purchasers financing prescription drug coverage.

4. **Federal requirements have materially changed the regulatory landscape.** The Consolidated Appropriations Act, 2026 establishes substantial transparency, reporting, audit, compensation-disclosure, and rebate-pass-through requirements, with key provisions taking effect over the coming plan years. Oregon should account for these reforms and implementation timelines before imposing duplicative or conflicting state mandates.

Comments on the Proposed PBM Policy Concepts

1. Spread Pricing

A prohibition on spread pricing would not, by itself, guarantee lower drug spending. Spread pricing is one of several compensation models that purchasers may voluntarily select based on their benefit objectives, risk tolerance, and need for price predictability. The Consolidated Appropriations Act, 2026 strengthens disclosure of PBM compensation and rebate pass-through requirements while addressing spread pricing in specified markets and contexts. Oregon should preserve purchaser choice where federal law permits and evaluate the total value of a PBM contract rather than prohibit a disclosed compensation component in isolation.

2. Delinking PBM Compensation

Delinking PBM compensation from drug prices does not address the underlying source of high list prices: manufacturers still control drug list prices. A fixed-dollar compensation mandate could weaken performance incentives, reduce negotiating leverage, and constrain the ability of employers and health plans to hold PBMs accountable for savings. Changing how a PBM is paid does not require a manufacturer to reduce a drug's price.

3. Rebate and Formulary Policies

Rebate and formulary policies should be evaluated on demonstrated outcomes rather than assumptions. Eliminating or restricting rebates does not ensure that manufacturers will reduce list prices. Without enforceable manufacturer accountability, such proposals may reduce negotiated savings while leaving list prices unchanged, creating higher costs for Oregon families and employers.

Requested Board Action

The Board's priority should be genuine affordability rather than cost shifting. The policies under consideration would redistribute costs among patients, employers, health plans, and other stakeholders without addressing the root cause: high manufacturer drug prices.

Before advancing any PBM recommendation, the Board should require an independent, Oregon-specific analysis of the proposal's effects on premiums, patient cost-sharing, manufacturer pricing, access, and total net drug spending. A proposal that cannot demonstrate measurable savings for Oregonians should not move forward.

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Prime respectfully urges the Board to:

1. Focus on manufacturer pricing and list-price inflation as principal drivers of high prescription drug costs.
2. Require independent, Oregon-specific analysis before recommending new mandates.
3. Preserve purchaser choice, PBM negotiating leverage, and performance-based tools that generate savings and promote competition.
4. Avoid duplicating federal reforms before their requirements are implemented and their effects can be measured.

Prime remains committed to working with the Board on evidence-based solutions that reduce costs, preserve access, promote competition, and hold every participant in the prescription drug supply chain accountable.

Thank you for your consideration.

Respectfully,

A handwritten signature in cursive script that reads "LuGina Mendez-Harper, PharmD, RPh".

LuGina Mendez-Harper, PharmD, RPh
Government Affairs Principal, Prime Therapeutics

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