Regence | 200 SW Market Street, 11th Floor
Portland, OR 97201

Testimony on PDAB Policy Recommendations

Aug. 19, 2026

Chair Bailey and Members of the Board,

My name is Mary Anne Cooper, Director of Government Affairs for Regence BlueCross BlueShield of Oregon. Regence is committed to addressing persistent and emerging needs for the nearly 1 million Oregonians we serve, and we thank the Prescription Drug Affordability Board (PDAB) for the opportunity to provide comment.

We are providing testimony regarding the policy concepts discussed at your July 15 meeting. We share the PDAB's commitment to improving prescription drug affordability for Oregonians. However, we have significant concerns about the direction and scope of these proposals, as well as inadvertent consumer cost increases they may cause.

PBM Reform: Unintended Consequences

The Board has prioritized several PBM policies including spread pricing elimination, delinking PBM compensation from drug prices, and reforming PBM conduct and rebate dynamics. These stem from concerns about PBM transparency and accountability as drug intermediaries, but risk adding costs to the healthcare system for the following reasons:

- **Undermining negotiating leverage.** Current compensation structures incentivize PBMs to compete for insurer and employer business, driving down drug costs. Delinking specifically risks:
  - Eliminating PBMs' financial incentive to attain aggressive rebates
  - Impeding insurer's ability to keep PBMs accountable to promised pricing
  - Increasing premiums for all health plan members
- **Failing to address root causes.** Without solving for high manufacturer list prices, these reforms will simply redistribute expenses across the system while leaving underlying costs unchanged. Even if individual transaction costs are lowered through restructured rebate models, if manufacturers can set high list prices without consequence, costs will continue to rise.
- **Creating significant ripple effects.** The 2025 Milliman Medical Index demonstrates that pharmacy rebates reduced premiums for members of employer-sponsored insurance plans by 9.8% on average. Oregon's own

2025 Drug Price Transparency Report identified $369 million in rebates that were passed along to payers to reduce member costs. Disruptions would reduce premium-offsetting rebates for all members while eliminating the performance-based contracting tools insurers and employers use to keep PBMs accountable and costs in check. IQVIA's U.S. Medicine Use Trends 2026 report anticipates medicine spending to grow 6-9% in the next 5 years based off list price; this estimate decreases to 4.5-7.5% when accounting for discounts, rebates, and other price concessions.

Federal regulation of PBMs has accelerated significantly over the past year, driven by the Consolidated Appropriations Act 2026 (CAA), CMS and Department of Labor rulemaking, and FTC enforcement actions, all of which are dynamically reshaping the pharmaceutical landscape. Many concerns the PDAB has raised regarding PBMs are already the subject of these federal initiatives and ongoing scrutiny. As a result, it may be in Oregon's best interest to allow these regulations to take effect and demonstrate results before enacting duplicative — and potentially contradictory — state-level requirements.

As we have stated in prior testimony, we urge the board to remain focused on manufacturer pricing practices – the root cause of high drug costs – rather than restructuring intermediaries whose current roles help contain net costs.

Prior Authorization Portability: Already Being Addressed

The health insurance industry has already made significant voluntary commitments to address prior authorization (PA) continuity and portability concerns. For example:

- **90-day portability standards.** Regence and several major industry groups, including America's Health Insurance Plans (AHIP) and the BlueCross BlueShield Association (BCBSA), have committed to standards requiring health plans to honor existing PA approvals for 90 days when patients switch to new coverage mid-treatment. This standard includes ensuring secure electronic data-sharing frameworks are in place to facilitate sharing of patient records between plan administrators and avoid delays.
- **PA volume reductions.** Insurers have committed to reducing the number of medical services subject to PA requirements starting in 2026.
- **Federal and state FHIR mandates:** Additionally, health insurers are required to adopt Fast Healthcare Interoperability Resources (FHIR) Application Programming Interfaces (APIs) by 2027 to enable electronic PA standardization.

The portability concern the Board has identified is already being addressed through these mechanisms, making a state mandate at this stage both premature and potentially duplicative. While prior authorization does touch prescription drug benefits, it also touches many other areas of healthcare and is the current subject of other efforts at the state level to reduce administrative burden on providers. We encourage the PDAB to allow these standards to be implemented and keep the conversation in a forum where it can comprehensively evaluate both medical and prescription drug prior authorization needs.

Expanding PDAB Scope: Focus on Effectiveness First

The Board has expressed interest in expanding its authority beyond its current affordability review mandate.

The PDAB's established mission is "to protect Oregonians, state and local governments, commercial health plans, health care providers, pharmacies licensed in Oregon and others within the health care system from the high costs of prescription drugs". To date, the Board's drug affordability reviews have not yet resulted in concrete cost interventions or reductions for any of these parties. Indeed, the board has largely expressed a desire not to pursue specific policies, like upper payment limits, that it was charged to address.

The board needs to remain focused on prescription drug affordability. Concerns about expansion of scope include:

- **Earned credibility.** The PDAB should establish a track record of meaningful results within its existing authority before seeking broader powers.
- **Duplication of existing expertise and oversight.** Oregon already has regulatory bodies with established expertise in insurance regulation, PBM oversight, Medicaid administration, and health care policy broadly. Duplicating the work of these bodies is not only confusing to regulated entities but is wasteful of state resources.
- **Risk of diluted focus.** The PDAB's value lies in its narrow, specialized mandate. Expanding to broader system oversight risks further deprioritization of solutions for unaffordable drug prices.

Instead, consider deepening the PDAB's impact within its core mission. Demonstrating concrete success in reducing drug costs through existing authority would build credibility and provide a sound evidentiary basis for any future expansion should additional tools be warranted.

Grounding the Conversation: Be Evidence-Based

Regence | 200 SW Market Street, 11th Floor
Portland, OR 97201

We appreciate comments made during the previous Board meeting regarding reliance on data to ground policy recommendations. The PBM and prescription drug regulatory landscape is rapidly evolving at both the state and federal level and we support the development of a landscape summary to inform Board decision making as was discussed by the Board. Well-intentioned reforms when poorly scoped can inadvertently increase consumer costs or benefit specific stakeholders at the expense of Oregon consumers.

When evaluating legislation enacted in other states for potential in Oregon, we urge the PDAB to:

- **Analyze them in context.** Policy outcomes are not always transferable across state lines. Insurance market structure, benefit design, population demographics, pre-existing regulatory landscape, and scope of reform matter and the same outcomes cannot be assumed or guaranteed.
- **Prioritize quantifiable results.** While states like Colorado and California have enacted delinking legislation, neither take effect until Jan. 1, 2027 and no outcome data currently exists. Similarly, Medicare Part D delinking, as mandated in the CAA, does not go into effect until 2028. The Board should ground its decisions in demonstrated, quantifiable evidence rather than anticipated results.
- **Keep consumer affordability the north star.** Access to prescription medications is meaningless if patients cannot afford either their coverage or their out-of-pocket costs. Shoring up the revenues or market power of any single stakeholder within the drug supply chain must not come at the expense of Oregon consumers. Every policy proposal warrants thorough vetting for its full scope of impact, with affordability at the center.
- **Evaluate total consumer impact.** Any proposed policy should assess both premium and out-of-pocket impacts; quantify projected savings and costs; and identify which parties would benefit, bear additional expense, or experience cost shifting.

We encourage the Board to utilize staff expertise to develop official impact reports for proposed policy concepts before selecting final policy recommendations to the legislature.

Conclusion

A common thread across the PDAB's selected priorities is that they restructure intermediary entities rather than address the fundamental driver of high drug costs: manufacturer pricing. Recent analysis of US Securities and Exchange Commission (SEC) filings show that brand name pharmaceutical

Regence | 200 SW Market Street, 11th Floor
Portland, OR 97201

manufacturers averaged 23% profit margins between 2017 – 2025 – 10 times higher than other entities in the drug supply chain, which came in at roughly 2% - 3% or less. Policies that weaken intermediary negotiating leverage, increase costs at the pharmacy counter, create unnecessary or conflicting administrative requirements, or expand Board scope without targeting list prices and list price inflation risk making the system more expensive – not less.

Regence encourages the PDAB to pursue evidence-based approaches that address root causes of high drug prices. We suggested two such approaches in our March testimony – prioritize manufacturer cost reporting on drugs selected for affordability review and commission comprehensive impact analyses for proposed policy solutions.

We remain committed to working collaboratively on solutions that genuinely improve prescription drug affordability while preserving access to quality care for all Oregonians.

Thank you for your time and consideration.

Mary Anne Cooper
Director of Government Affairs
Regence BlueCross BlueShield of Oregon