



OREGON STATE PHARMACY ASSOCIATION

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June 14, 2025

Dear Members of the Oregon Prescription Drug Affordability Board,

Oregon is facing a prescription drug access crisis that demands urgent, decisive intervention. On behalf of pharmacists and pharmacies across the state, the Oregon State Pharmacy Association (OSPA) submits these comments to urge the Oregon Prescription Drug Affordability Board (PDAB) to **recommend a comprehensive ban on Pharmaceutical Benefit Managers (PBMs) operating in Oregon**. Incremental reforms have failed. To protect patients, pharmacies, and the sustainability of Oregon's healthcare system, a bold shift is necessary.

Oregon ranks last in pharmacy access among the contiguous United States, with over 200 pharmacy closures since 2008 and a 56% increase in pharmacy deserts in just four years. **This is not simply an economic issue—this is a public health emergency**. PBMs are at the center of this crisis, using opaque, profit-driven models that restrict access, inflate costs, and undermine independent pharmacies. These practices directly contradict the PDAB's mission to protect consumers and improve drug affordability.

PDAB was established to identify high-cost drugs, conduct affordability reviews, and recommend policies to the legislature that will increase drug affordability. PBMs' lack of transparency, predatory reimbursement models, and formulary control create systemic barriers to these goals.

An audit by the Oregon Secretary of State found PBM transactions in Medicaid to be too complex and opaque to ensure accountability. If the PDAB is to fulfill its purpose using real-world evidence, the underlying structure that blocks transparency must be addressed. A comprehensive ban on harmful PBM practices is not outside the scope of PDAB—it is essential to its success.

The Core PBM Practices Undermining Affordability and Access

1. Vertical Integration and Market Manipulation:

PBMs now own or are owned by insurers and pharmacies, enabling them to steer patients to PBM-owned outlets, squeezing out independent providers. This anti-competitive behavior reduces choice, convenience, and access—particularly in underserved communities. Attorneys General in 39 states and territories have called for a national ban on PBM-owned pharmacies. Oregon must lead where federal action lags.

2. Opaque Pricing Structures:

PBMs often retain significant portions of manufacturer rebates rather than passing them on to consumers or payers. **This creates a financial incentive to favor high-cost drugs with larger rebates, driving up list prices**. Efforts to mandate transparency have failed, as PBMs find ways to circumvent reporting requirements. Transparency alone is no longer sufficient—structural change is needed.

Leading Pharmacy, Advancing Healthcare



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3. Predatory Reimbursement Tactics:

Practices such as spread pricing, below-cost reimbursements, and clawbacks jeopardize pharmacy sustainability. OSPA's analysis found that 75% of Medicaid reimbursements to independent pharmacies didn't cover basic labor and drug costs. Oregon pharmacies are being forced to operate at a loss—an unsustainable reality that contributes directly to pharmacy closures and reduced access.

4. Formulary Control and Patient Restrictions:

PBMs restrict access to lower-cost or clinically preferred drugs in favor of those yielding higher rebates. Patients face delays and denials due to non-medical switching, prior authorization, and step therapy. These practices erode clinical autonomy and compromise patient outcomes.

The Human and Financial Toll in Oregon

- Over 200 pharmacy closures since 2008
- 35 closures in the last year alone
- 56% growth in pharmacy deserts over four years
- Dead last in pharmacy access (contiguous U.S.)
- Disproportionate impact on rural, Black, Latino, and underserved communities
- \$1.9 million in excess taxpayer spending on a single MS drug in 2021 due to PBM markups (3 Axis Advisors)

States across the nation are acting. Arkansas has already banned PBMs from owning or operating pharmacies, effective 2026. Ohio's Medicaid program saved \$140 million by removing large PBMs. Louisiana, Iowa, Florida, and others have enacted reforms that include rebate pass-throughs, NADAC reimbursement, and spread pricing bans. Oregon must build on its own progress with HB 3212 and HB 4149 and push further.

Recommendations to the PDAB

1. Recommend a Comprehensive Ban on Harmful PBM Business Practices:

The PDAB should formally advise the legislature to enact a ban that includes:

- Prohibiting vertical integration and ownership of pharmacies
- Eliminating spread pricing and opaque reimbursement models
- Requiring 100% rebate pass-through to payers and patients
- Restricting formulary practices that prioritize PBM profit over patient care

2. Frame the Ban as a Pathway to a Healthier System:

This is not just a prohibition—it is an opportunity to build a more transparent, equitable, and affordable drug system. It would:

- Restore fair competition and support community pharmacies
- Reduce patient out-of-pocket costs
- Improve access, especially in rural and underserved areas

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- Align Oregon's healthcare market with the PDAB's mission

3. Recommend a Phased Transition and Alternative Models:

PDAB can advise the legislature on how to implement a managed transition—mirroring Arkansas's timeline—to develop alternative payment models, state-managed formularies, and robust oversight frameworks.

The current PBM system is structurally incompatible with Oregon's goals of transparency, affordability, and access. The PDAB has both the authority and the responsibility to recommend systemic change. Oregonians cannot wait for federal reform. The time for bold, state-level action is now.

We urge the Board to recommend a comprehensive legislative ban on harmful PBM operational models and help chart a new, patient-centered future for Oregon's drug supply chain.

Sincerely,

Brian Mayo
Executive Director