



February 18, 2025

Oklahoma Senate
Senate Business and Insurance Committee
2300 N Lincoln Blvd.
Oklahoma City, OK 73105

Dear Chair Coleman, Vice Chair Alvord, and Members of the Senate Business and Insurance Committee,

The National Association of Chain Drug Stores (NACDS) is writing to express our strong support for SB 789, legislation aimed at protecting neighborhood pharmacies by addressing critical issues such as below-cost reimbursement from pharmacy benefits managers (PBMs), modifying pharmacy auditing requirements and reforming other perverse tactics imposed by PBMs. Oklahoma pharmacies have witnessed firsthand the challenges in navigating the complex landscape of healthcare reimbursement and regulation. The current environment where PBMs continue to game the healthcare system at the expense of patients and pharmacies across America, has left pharmacies in a crisis and on the verge of becoming non-existent.

SB 789 is a crucial step towards ensuring that pharmacies can continue to provide essential and life-saving medications and other pharmacy care services to communities in Oklahoma without being hamstrung by unreasonable and insufficient PBM reimbursement and manipulation. Importantly, SB 789 includes a key provision that would require PBMs to ensure reasonable reimbursement to pharmacies for each prescription dispensed is no less than 106% of the NADAC plus a professional dispensing fee of \$15.00. This requirement helps create a “rate floor” and guarantees that community pharmacies and pharmacists are reimbursed at a fair rate that reflects the true cost of acquiring and dispensing medications. This change will help pharmacies remain financially viable and continue to provide high-quality care to patients throughout their healthcare lifecycle.

Additionally, SB 789 prohibits effective rates in contracts for services and medications, promoting transparency in pharmacy reimbursement and fairness in the contracting process between PBMs and neighborhood pharmacies. In some circumstances, effective rates have led to pharmacies being reimbursed inadequately, putting immense financial pressure on these essential healthcare providers. By disallowing this practice, the legislation ensures that pharmacies are reimbursed appropriately and consistently, allowing them to continue serving their patients effectively.

Furthermore, this bill limits restrictive auditing practices. By permitting pharmacies to use drug purchase records without limitation of date or source to validate the dispensing of prescription drugs, the legislation recognizes the importance of efficiency in pharmacy operations. This change will allow pharmacies and pharmacists to focus more on patient care than on burdensome PBM auditing processes.

Another significant aspect of the bill is the prohibition on PBMs’ evolving manipulation tactics, such as leasing or renting their provider networks to another PBM. This practice has created a convoluted and opaque network of pharmacy providers, making it difficult for pharmacies to navigate and negotiate fair contracts. Pharmacies have also experienced a steady decline in reimbursements over time under this practice. All of the provisions in SB 789, taken together, help drive comprehensive PBM reform by promoting a more straightforward and balanced relationship

between pharmacies and PBMs, fostering a healthier and transparent pharmaceutical supply chain, and helping improve affordability for both pharmacies and patients alike.

In conclusion, NACDS wholeheartedly supports this legislation and urge the members of the Senate Business and Insurance Committee to consider its passage. We appreciate the Committee's consideration of these proposed changes that will significantly benefit neighborhood pharmacy outcomes, patient access, and help reduce prescription drug costs and enhance affordability for patients across Oklahoma. Thank you for your attention to these serious issues facing all community pharmacies. For questions or further discussion, please contact Mary Staples, Director, State Government Affairs at mstaples@nacds.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven C. Anderson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Steven C. Anderson, FASAE, CAE, IOM
President and Chief Executive Officer
National Association of Chain Drug Stores