

# House Bill 2216

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## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Expands list of entities that may participate in Oregon Prescription Drug Program.

## A BILL FOR AN ACT

Relating to Oregon Prescription Drug Program; amending ORS 414.312.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1.** ORS 414.312, as amended by section 1, chapter 2, Oregon Laws 2007 (Ballot Measure 44 (2006)), is amended to read:

414.312. (1) As used in ORS 414.312 to 414.318:

(a) "Pharmacy benefit manager" means an entity that, in addition to being a prescription drug claims processor, negotiates and executes contracts with pharmacies, manages preferred drug lists, negotiates rebates with prescription drug manufacturers and serves as an intermediary between the Oregon Prescription Drug Program, prescription drug manufacturers and pharmacies.

(b) "Prescription drug claims processor" means an entity that processes and pays prescription drug claims, adjudicates pharmacy claims, transmits prescription drug prices and claims data between pharmacies and the Oregon Prescription Drug Program and processes related payments to pharmacies.

(c) "Program price" means the reimbursement rates and prescription drug prices established by the administrator of the Oregon Prescription Drug Program.

(2) The Oregon Prescription Drug Program is established in the Oregon Department of Administrative Services. The purpose of the program is to:

(a) Purchase prescription drugs or reimburse pharmacies for prescription drugs in order to receive discounted prices and rebates;

(b) Make prescription drugs available at the lowest possible cost to participants in the program; and

(c) Maintain a list of prescription drugs recommended as the most effective prescription drugs available at the best possible prices.

(3) The Director of the Oregon Department of Administrative Services shall appoint an administrator of the Oregon Prescription Drug Program. The administrator shall:

(a) Negotiate price discounts and rebates on prescription drugs with prescription drug manufacturers;

(b) Purchase prescription drugs on behalf of individuals and entities that participate in the program;

(c) Contract with a prescription drug claims processor to adjudicate pharmacy claims and

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

- 1 transmit program prices to pharmacies;
- 2 (d) Determine program prices and reimburse pharmacies for prescription drugs;
- 3 (e) Adopt and implement a preferred drug list for the program;
- 4 (f) Develop a system for allocating and distributing the operational costs of the program and any
- 5 rebates obtained to participants of the program; and
- 6 (g) Cooperate with other states or regional consortia in the bulk purchase of prescription drugs.
- 7 (4) The following individuals or entities may participate in the program:
- 8 (a) Public Employees' Benefit Board;
- 9 (b) Local governments as defined in ORS 174.116 and special government bodies as defined in
- 10 ORS 174.117 that directly or indirectly purchase prescription drugs;
- 11 (c) Enrollees in the Senior Prescription Drug Assistance Program created under ORS 414.342;
- 12 (d) Oregon Health and Science University established under ORS 353.020;
- 13 (e) State agencies that directly or indirectly purchase prescription drugs, including agencies that
- 14 dispense prescription drugs directly to persons in state-operated facilities; *[and]*
- 15 (f) Residents of this state who do not have prescription drug coverage[.];
- 16 **(g) Private sector employers; and**
- 17 **(h) Multiple employer welfare arrangements as defined in ORS 750.301.**
- 18 (5) The state agency that receives federal Medicaid funds and is responsible for implementing
- 19 the state's medical assistance program may not participate in the program.
- 20 (6) The administrator may establish different reimbursement rates or prescription drug prices for
- 21 pharmacies in rural areas to maintain statewide access to the program.
- 22 (7) The administrator shall establish the terms and conditions for a pharmacy to enroll in the
- 23 program. A licensed pharmacy that is willing to accept the terms and conditions established by the
- 24 administrator may apply to enroll in the program.
- 25 (8) Except as provided in subsection (9) of this section, the administrator may not:
- 26 (a) Contract with a pharmacy benefit manager;
- 27 (b) Establish a state-managed wholesale or retail drug distribution or dispensing system; or
- 28 (c) Require pharmacies to maintain or allocate separate inventories for prescription drugs dis-
- 29 pensed through the program.
- 30 (9) The administrator shall contract with one or more entities to provide the functions of a
- 31 prescription drug claims processor. The administrator may also contract with a pharmacy benefit
- 32 manager to negotiate with prescription drug manufacturers on behalf of the administrator.
- 33 (10) Notwithstanding subsection (4)(f) of this section, individuals who are eligible for Medicare
- 34 Part D prescription drug coverage may participate in the program.
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