

# Senate Bill 362

Sponsored by Senator MORRISETTE (Pre-session filed.)

## 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 individuals and entities that may participate in Oregon Prescription Drug Program. Requires Joint Legislative Audit Committee to evaluate and report on effectiveness of program.

## A BILL FOR AN ACT

1  
2 Relating to Oregon Prescription Drug Program; creating new provisions; and amending ORS 414.312.

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

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

6 414.312. (1) As used in ORS 414.312 to 414.318:

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

11 (b) "Prescription drug claims processor" means an entity that processes and pays prescription  
12 drug claims, adjudicates pharmacy claims, transmits prescription drug prices and claims data be-  
13 tween pharmacies and the Oregon Prescription Drug Program and processes related payments to  
14 pharmacies.

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

17 (2) The Oregon Prescription Drug Program is established in the Oregon Department of Admin-  
18 istrative Services. The purpose of the program is to:

19 (a) Purchase prescription drugs or reimburse pharmacies for prescription drugs in order to re-  
20 ceive discounted prices and rebates;

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

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

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

27 (a) Negotiate price discounts and rebates on prescription drugs with prescription drug man-  
28 ufacturers;

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

31 (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]* **lack or are underinsured for** prescription drug  
16 coverage;.]

17 **(g) Private entities; and**

18 **(h) Labor organizations.**

19 (5) The state agency that receives federal Medicaid funds and is responsible for implementing  
20 the state's medical assistance program may not participate in the program.

21 (6) The administrator may establish different reimbursement rates or prescription drug prices for  
22 pharmacies in rural areas to maintain statewide access to the program.

23 (7) The administrator shall establish the terms and conditions for a pharmacy to enroll in the  
24 program. A licensed pharmacy that is willing to accept the terms and conditions established by the  
25 administrator may apply to enroll in the program.

26 (8) Except as provided in subsection (9) of this section, the administrator may not:

27 (a) Contract with a pharmacy benefit manager;

28 (b) Establish a state-managed wholesale or retail drug distribution or dispensing system; or

29 (c) Require pharmacies to maintain or allocate separate inventories for prescription drugs dis-  
30 pensed through the program.

31 (9) The administrator shall contract with one or more entities to provide the functions of a  
32 prescription drug claims processor. The administrator may also contract with a pharmacy benefit  
33 manager to negotiate with prescription drug manufacturers on behalf of the administrator.

34 (10) Notwithstanding subsection (4)(f) of this section, individuals who are eligible for Medicare  
35 Part D prescription drug coverage may participate in the program.

36 **SECTION 2. Section 3 of this 2007 Act is added to and made a part of ORS 414.312 to**  
37 **414.318.**

38 **SECTION 3. By January 1, 2009, the Joint Legislative Audit Committee shall conduct a**  
39 **performance audit on the operation of the Oregon Prescription Drug Program under ORS**  
40 **414.312. The audit shall review the operations and outcomes associated with the implemen-**  
41 **tation of the program and identify net savings, if any, to the participants in the program, the**  
42 **percentage of targeted populations participating, and changes in health outcomes of partic-**  
43 **ipants.**