

# Senate Bill 378

Sponsored by Senator WALKER (Presession 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**.

Removes provision specifying that laws enacted after January 1, 1995, do not apply to Oregon Health and Science University unless otherwise specified.

Declares emergency, effective July 1, 2007.

## A BILL FOR AN ACT

1  
2 Relating to Oregon Health and Science University; creating new provisions; amending ORS 174.108,  
3 174.117, 353.100 and 414.312; and declaring an emergency.

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

5 **SECTION 1.** ORS 353.100 is amended to read:

6 353.100. (1) The provisions of ORS chapters 35, 190, 192, 244 and 295 and ORS 30.260 to 30.460,  
7 200.005 to 200.025, 200.045 to 200.090, 236.605 to 236.640, 243.650 to 243.782, 297.040, 307.090 and  
8 307.112 [*shall*] apply to Oregon Health and Science University under the same terms as they apply  
9 to public bodies other than the state.

10 (2) Except as otherwise provided by law, the provisions of ORS chapters 182, 183, 240, 270, 273,  
11 276, 279A, 279B, 279C, 283, 291, 292, 293, 294 and 297 and ORS 35.550 to 35.575, 180.060, 180.210 to  
12 180.235, 183.710 to 183.725, 183.745, 183.750, 184.305 to 184.345, 190.430, 190.480, 190.490, 192.105,  
13 200.035, 236.380, 243.105 to 243.585, 243.696, 278.011 to 278.120, 278.315 to 278.415, 279.835 to 279.855,  
14 282.010 to 282.150, 357.805 to 357.895 and 656.017 (2) [*shall*] **do** not apply to the university or any  
15 not-for-profit organization or other entity if the equity of the entity is owned exclusively by the  
16 university and if the organization or entity is created by the university to advance any of the uni-  
17 versity's statutory missions.

18 [(3) *The university, as a distinct governmental entity, or any organization or entity described in*  
19 *subsection (2) of this section shall not be subject to any provision of law enacted after January 1, 1995,*  
20 *with respect to any governmental entity, unless the provision specifically provides that it applies to the*  
21 *university or to the organization or entity.*]

22 **SECTION 2.** ORS 174.108 is amended to read:

23 174.108. (1) As used in the statutes of this state, a term defined in ORS 174.108 to 174.118 has  
24 the meaning provided by ORS 174.108 to 174.118 only if the statute using the term makes specific  
25 reference to the provision of ORS 174.108 to 174.118 that defines the term and indicates that the  
26 term has the meaning specified in that provision.

27 (2) Nothing in ORS 174.108 to 174.118 affects the meaning of any statute that uses one or more  
28 of the terms defined in ORS 174.108 to 174.118 and that is in effect on January 1, 2002. Nothing in  
29 ORS 174.108 to 174.118 affects the meaning of any statute that uses one or more of the terms defined  
30 in ORS 174.108 to 174.118 and that is enacted after January 1, 2002, unless the statute makes spe-  
31 cific reference to the provision of ORS 174.108 to 174.118 that defines the term and indicates that

**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 the term has the meaning specified in that provision.

2 (3) None of the terms defined in ORS 174.108 to 174.118 includes [*the Oregon Health and Science*  
3 *University,*] the Oregon State Bar, any intergovernmental entity formed by a public body with an-  
4 other state or with a political subdivision of another state, or any intergovernmental entity formed  
5 by a public body with an agency of the federal government.

6 **SECTION 3.** ORS 174.117 is amended to read:

7 174.117. (1) Subject to ORS 174.108, as used in the statutes of this state “special government  
8 body” means any of the following:

9 (a) A public corporation created under a statute of this state and specifically designated as a  
10 public corporation.

11 (b) A school district.

12 (c) A public charter school established under ORS chapter 338.

13 (d) An education service district.

14 (e) A community college district or community college service district established under ORS  
15 chapter 341.

16 (f) An intergovernmental body formed by two or more public bodies.

17 **(g) Oregon Health and Science University.**

18 [(g)] **(h)** Any entity that is created by statute, ordinance or resolution that is not part of state  
19 government or local government.

20 [(h)] **(i)** Any entity that is not otherwise described in this section that is:

21 (A) Not part of state government or local government;

22 (B) Created pursuant to authority granted by a statute, ordinance or resolution, but not directly  
23 created by that statute, ordinance or resolution; and

24 (C) Identified as a governmental entity by the statute, ordinance or resolution authorizing the  
25 creation of the entity, without regard to the specific terms used by the statute, ordinance or resol-  
26 ution.

27 (2) Subject to ORS 174.108, as used in the statutes of this state “special government body” in-  
28 cludes:

29 (a) An entity created by statute for the purpose of giving advice only to a special government  
30 body;

31 (b) An entity created by a special government body for the purpose of giving advice to the  
32 special government body, if the document creating the entity indicates that the entity is a public  
33 body; and

34 (c) Any entity created by a special government body described in subsection (1) of this section,  
35 other than an entity described in paragraph (b) of this subsection, unless the document creating the  
36 entity indicates that the entity is not a governmental entity or the entity is not subject to any  
37 substantial control by the special government body.

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

40 414.312. (1) As used in ORS 414.312 to 414.318:

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

45 (b) “Prescription drug claims processor” means an entity that processes and pays prescription

1 drug claims, adjudicates pharmacy claims, transmits prescription drug prices and claims data be-  
 2 tween pharmacies and the Oregon Prescription Drug Program and processes related payments to  
 3 pharmacies.

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

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

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

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

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

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

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

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

20 (c) Contract with a prescription drug claims processor to adjudicate pharmacy claims and  
 21 transmit program prices to pharmacies;

22 (d) Determine program prices and reimburse pharmacies for prescription drugs;

23 (e) Adopt and implement a preferred drug list for the program;

24 (f) Develop a system for allocating and distributing the operational costs of the program and any  
 25 rebates obtained to participants of the program; and

26 (g) Cooperate with other states or regional consortia in the bulk purchase of prescription drugs.

27 (4) The following individuals or entities may participate in the program:

28 (a) Public Employees' Benefit Board;

29 (b) Local governments as defined in ORS 174.116 and special government bodies as defined in  
 30 ORS 174.117 that directly or indirectly purchase prescription drugs;

31 (c) Enrollees in the Senior Prescription Drug Assistance Program created under ORS 414.342;

32 [(d) *Oregon Health and Science University established under ORS 353.020;*]

33 [(e)] (d) State agencies that directly or indirectly purchase prescription drugs, including agencies  
 34 that dispense prescription drugs directly to persons in state-operated facilities; and

35 [(f)] (e) Residents of this state who do not have prescription drug coverage.

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

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

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

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

44 (a) Contract with a pharmacy benefit manager;

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

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

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

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

8 **SECTION 5. (1) Except as provided in ORS 174.108, any provision of law generally relating**  
9 **to all governmental entities that is enacted after January 1, 1995, applies to Oregon Health**  
10 **and Science University unless the provision specifically provides that the university is not**  
11 **subject to the law.**

12 (2) Any provision of law enacted after October 6, 2001, that applied generally to all gov-  
13 ernment entities, and that described those entities by specific reference to public bodies as  
14 defined in ORS 174.109, applies to Oregon Health and Science University.

15 **SECTION 6. This 2007 Act being necessary for the immediate preservation of the public**  
16 **peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect**  
17 **July 1, 2007.**

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