

**Enrolled**  
**Senate Bill 154**

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CHAPTER .....

AN ACT

Relating to Senior Prescription Drug Assistance Program; amending ORS 411.600 and 414.312; and repealing ORS 414.340, 414.342, 414.344, 414.346 and 414.348.

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

**SECTION 1. ORS 414.340, 414.342, 414.344, 414.346 and 414.348 are repealed.**

**SECTION 2.** ORS 414.312 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 Department of Human 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 Human 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 transmit program prices to pharmacies;
  - (d) Determine program prices and reimburse pharmacies for prescription drugs;
  - (e) Adopt and implement a preferred drug list for the program;
  - (f) Develop a system for allocating and distributing the operational costs of the program and any rebates obtained to participants of the program; and
  - (g) Cooperate with other states or regional consortia in the bulk purchase of prescription drugs.
- (4) The following individuals or entities may participate in the program:
- (a) Public Employees' Benefit Board;
  - (b) Local governments as defined in ORS 174.116 and special government bodies as defined in ORS 174.117 that directly or indirectly purchase prescription drugs;
- [(c) Enrollees in the Senior Prescription Drug Assistance Program created under ORS 414.342;]*  
*[(d) (e) Oregon Health and Science University established under ORS 353.020;*  
*[(e) (d) State agencies that directly or indirectly purchase prescription drugs, including agencies that dispense prescription drugs directly to persons in state-operated facilities;*  
*[(f) (e) Residents of this state who lack or are underinsured for prescription drug coverage;*  
*[(g) (f) Private entities; and]*  
*[(h) (g) Labor organizations.]*
- (5) The state agency that receives federal Medicaid funds and is responsible for implementing the state's medical assistance program may not participate in the program.
- (6) The administrator may establish different reimbursement rates or prescription drug prices for pharmacies in rural areas to maintain statewide access to the program.
- (7) The administrator shall establish the terms and conditions for a pharmacy to enroll in the program. A licensed pharmacy that is willing to accept the terms and conditions established by the administrator may apply to enroll in the program.
- (8) Except as provided in subsection (9) of this section, the administrator may not:
- (a) Contract with a pharmacy benefit manager;
  - (b) Establish a state-managed wholesale or retail drug distribution or dispensing system; or
  - (c) Require pharmacies to maintain or allocate separate inventories for prescription drugs dispensed through the program.
- (9) The administrator shall contract with one or more entities to provide the functions of a prescription drug claims processor. The administrator may also contract with a pharmacy benefit manager to negotiate with prescription drug manufacturers on behalf of the administrator.
- (10) Notwithstanding subsection *[(4)(f)] (4)(e)* of this section, individuals who are eligible for Medicare Part D prescription drug coverage may participate in the program.

**SECTION 3.** ORS 411.600 is amended to read:

411.600. (1) **As used in this section, "federal poverty guidelines" means the most recent poverty guidelines as published annually in the Federal Register by the United States Department of Health and Human Services.**

(2) Notwithstanding ORS 414.065, the Department of Human Services shall adopt rules exempting recipients of medical assistance under ORS 414.706 (5) whose family income is no more than 10 percent of the federal poverty guidelines, *as defined in ORS 414.340,* from the requirement to pay monthly premium payments.

**Passed by Senate February 23, 2009**

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Secretary of Senate

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President of Senate

**Passed by House May 26, 2009**

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Speaker of House

**Received by Governor:**

.....M,....., 2009

**Approved:**

.....M,....., 2009

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Governor

**Filed in Office of Secretary of State:**

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Secretary of State