

# Senate Bill 154

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Governor Theodore R. Kulongoski for Department of Human Services)

## 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**.

Repeals Senior Prescription Drug Assistance Program.

## A BILL FOR AN ACT

1  
2 Relating to Senior Prescription Drug Assistance Program; amending ORS 411.600 and 414.312; and  
3 repealing ORS 414.340, 414.342, 414.344, 414.346 and 414.348.

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

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 ORS 414.340, 414.342, 414.344, 414.346 and 414.348 are repealed.**

6 **SECTION 2.** ORS 414.312 is amended to read:

7 414.312. (1) As used in ORS 414.312 to 414.318:

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

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

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

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

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

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

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

26 (3) The Director of Human Services shall appoint an administrator of the Oregon Prescription  
27 Drug Program. The administrator shall:

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

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

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

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

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

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

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

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

9 (a) Public Employees' Benefit Board;

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

12 [(c) *Enrollees in the Senior Prescription Drug Assistance Program created under ORS 414.342;*]

13 [(d)] (c) Oregon Health and Science University established under ORS 353.020;

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

16 [(f)] (e) Residents of this state who lack or are underinsured for prescription drug coverage;

17 [(g)] (f) Private entities; and

18 [(h)] (g) 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)] (4)(e) of this section, individuals who are eligible for  
 35 Medicare Part D prescription drug coverage may participate in the program.

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

37 411.600. (1) **As used in this section, "federal poverty guidelines" means the most recent**  
 38 **poverty guidelines as published annually in the Federal Register by the United States De-**  
 39 **partment of Health and Human Services.**

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