

A-Engrossed
Senate Bill 735

Ordered by the Senate April 29
Including Senate Amendments dated April 29

Sponsored by Senator MORRISETTE, Representatives THOMPSON, GREENLICK

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.

Modifies provisions relating to administration of Oregon Prescription Drug Program.
Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to the Oregon Prescription Drug Program; amending ORS 414.312; and declaring an emer-
3 gency.

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

5 **SECTION 1.** ORS 414.312 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 Department of Human Services.
18 The purpose of the program is to:

19 (a) Purchase prescription drugs, **replenish prescription drugs dispensed** or reimburse phar-
20 macies for prescription drugs in order to receive discounted prices and rebates;

21 (b) Make prescription drugs available at the lowest possible cost to participants in the program
22 **as a means to promote health;** [*and*]

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

25 **(d) Promote health through the purchase and provision of discount prescription drugs**
26 **and coordination of comprehensive prescription benefit services for eligible entities and**
27 **members.**

28 (3) The Director of Human Services shall appoint an administrator of the Oregon Prescription

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 Drug Program. The administrator *[shall]* **may**:

2 (a) Negotiate price discounts and rebates on prescription drugs with prescription drug man-
3 ufacturers **or group purchasing organizations**;

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

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

8 (d) Determine program prices and reimburse **or replenish** pharmacies for prescription drugs
9 **dispensed or transferred**;

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

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

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

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

15 (a) Public Employees' Benefit Board, **Oregon Educators Benefit Board and Public Employees**
16 **Retirement System**;

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

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

20 (d) Oregon Health and Science University established under ORS 353.020;

21 (e) State agencies that directly or indirectly purchase prescription drugs, including agencies that
22 dispense prescription drugs directly to persons in state-operated facilities;

23 (f) Residents of this state who lack or are underinsured for prescription drug coverage;

24 (g) Private entities; and

25 (h) Labor organizations.

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

28 (6) The administrator may establish different *[reimbursement rates or prescription drug]* **program**
29 prices for pharmacies in rural areas to maintain statewide access to the program.

30 (7) The administrator *[shall]* **may** establish the terms and conditions for a pharmacy to enroll
31 in the program. A licensed pharmacy that is willing to accept the terms and conditions established
32 by the administrator may apply to enroll in the program.

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

34 (a) Contract with a pharmacy benefit manager;

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

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

38 *[(9) The administrator shall contract with one or more entities to provide the functions of a pre-*
39 *scription drug claims processor. The administrator may also contract with a pharmacy benefit manager*
40 *to negotiate with prescription drug manufacturers on behalf of the administrator.]*

41 **(9) The administrator shall contract with one or more entities to perform any of the**
42 **functions of the program, including but not limited to:**

43 **(a) Contracting with a pharmacy benefit manager and directly or indirectly with such**
44 **pharmacy networks as the administrator considers necessary to maintain statewide access**
45 **to the program.**

1 **(b) Negotiating with prescription drug manufacturers on behalf of the administrator.**

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

4 **(11) The program may contract with vendors as necessary to utilize discount purchasing**
5 **programs, including but not limited to group purchasing organizations established to meet**
6 **the criteria of the Nonprofit Institutions Act, 15 U.S.C. 13c, or that are exempt under the**
7 **Robinson-Patman Act, 15 U.S.C. 13.**

8 SECTION 2. **This 2009 Act being necessary for the immediate preservation of the public**
9 **peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect**
10 **on its passage.**

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