

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means
Vote:	3 - 2 - 0
Yeas:	Bates, Shields, Monnes Anderson
Nays:	Kruse, Morse
Exc.:	0
Prepared By:	Brian Nieuburt, Administrator
Meeting Dates:	4/4, 4/14, 4/18, 4/20, 4/21

WHAT THE MEASURE DOES: Requires state agencies that directly or indirectly purchase prescription drugs to participate in the Oregon Prescription Drug Program (Program). Exempts state agencies able to demonstrate that the availability of federal programs or the agencies' other purchasing arrangements will result in greater discounts and aggregate cost savings than would be realized through participation in the Program. Requires Program Administrator to contract with entities for the negotiation of drug manufacturer rebate extension for participants of the Program. Clarifies that a state agency that contracts with a health maintenance organization (HMO) cannot require that HMO to participate in the Program. Requires the Oregon Health Authority (OHA) to apply to the Centers for Medicare and Medicaid Services (CMS) for any approval necessary to obtain federal financial participation in the costs of drug purchased through the Program. Makes provisions requiring state agency participation in the Program operative upon receipt of federal approval or, if no federal approval is required, on January 1, 2012.

ISSUES DISCUSSED:

- Purchasing power offered by Program
- Number and type of people who currently benefit from Program
- Impact on the Public Employee Benefits Board and Oregon Educators Benefits Board
- Proof of meeting exemption criteria
- Integration of medical and prescription care

EFFECT OF COMMITTEE AMENDMENT: Restores provisions prohibiting Medicaid programs from participating. Prohibits state agencies contracting with HMOs from requiring the organization to participate in the Program. Restores provision prohibiting the Administrator of the Program from establishing a state-managed wholesale or retail drug distribution or dispensing system. Requires OHA to apply to CMS for any approval necessary to obtain federal financial participation in the costs of drug purchased through the Program. Makes provisions requiring state agency participation in the Program operative upon receipt of federal approval or, if no federal approval is required, on January 1, 2012.

BACKGROUND: Authorized by the Legislative Assembly in 2003, the Program helps increase access to prescription drugs by the uninsured and lowers costs for state and city governments. In 2006, Oregon voters removed the eligibility criteria and opened the Program to any resident without adequate prescription drug coverage. Also in 2006, the Program joined with a similar program in the state of Washington to form the Northwest Prescription Drug Consortium.

Senate Bill 962-A requires state agencies that purchase prescription drugs to participate in the Program unless the agency can demonstrate that they can achieve greater cost savings elsewhere.

4/29/2011 10:32:00 AM

This summary has not been adopted or officially endorsed by action of the committee.