

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1570 A

Seventy-Sixth Oregon Legislative Assembly – 2012 Regular Session
Legislative Fiscal Office

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Date: 2/14/2012

Measure Description:

Requires medical assistance coverage of prescription drugs that are immunosuppressant drugs or drugs for treatment of seizures, cancer, HIV or AIDS. Declares emergency, effective on passage.

Government Unit(s) Affected:

Oregon Health Authority (OHA)

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

House Bill 1570 expands the statutory prohibition on the Oregon Health Authority's Medical Assistance Program (MAP) using Prior Authorization (PA) to include drugs used to treat seizures, cancer, HIV or AIDS, and immunosuppressant drugs used for transplant recipients. The bill sunsets this prohibition on June 30, 2016.

At this time, the fiscal impact of HB 1570 is indeterminate. Passage of this bill is anticipated to prevent the Oregon Health Authority (OHA) from realizing savings from implementing the following cost containment policies:

- Some of the drugs that are used to treat seizure disorders also treat conditions at or below the line on the Oregon Health Plan (OHP) Prioritized List. OHA estimates roughly up to \$2.2 million Total Funds [\$0.8 million General Fund; \$1.4 Federal Funds] in savings in 2011-13 by blocking these drugs for indications at or below the line. If MAP cannot continue to assure that these drugs are not prescribed for those indications that are below the line, then these savings cannot be realized.
- MAP is in the process of implementing a Preferred Injectable Drug List (PIDL) for Physician Administered Drugs (PADS) that will use PA. The authority plans the initial roll out of this effort in the fourth quarter of fiscal year 2012. If this bill passes, OHA cannot implement this injectable oncology drug list.
- MAP currently has the entire oral oncology class as preferred on the PDL based on a lack of clinical evidence to support one product over another, and does not anticipate taking any actions to place a PA on these drugs. As with cancer drugs, at this time, OHA does not anticipate using PA on AIDS/HIV and Immunosuppressant drugs. However, if medical evidence comes to light indicating one drug is clinically superior to another, MAP may want to use the PA process to drive utilization to the more effective drug(s), and would anticipate collecting supplement rebates from the preferred product.

At this time, the total savings possibility is indeterminate. However, passage of this bill would prevent MAP from implementing these strategies.