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# MEMORANDUM

Legislative Fiscal Office  
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**To:** Human Services Subcommittee of the Joint Committee on Ways and Means

**From:** Linda Ames, Legislative Fiscal Office  
503-986-1816

**Date:** May 28, 2013

**Subject:** HB 2090-A  
Work Session Recommendations

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HB 2090-A removes the sunset on the Practitioner-Managed Prescription Drug Plan, also called the Preferred Drug List for prescription drug coverage in medical assistance programs. The program is currently set to sunset on January 1, 2014. This is the Preferred Drug List related to drugs that treat physical health conditions. As originally introduced, the bill included the addition of mental health drugs to the Preferred Drug List. The A-Engrossed version of the bill removes those provisions.

The measure, the original staff measure summary, and fiscal impact statement are available on the Oregon Legislative Information System (OLIS).

The measure previously had hearings in the House Committee on Health Care on 2/20/13 and 4/5/13.

This bill results in a savings of \$7.4 million Total Funds (\$2.3 million General Fund). That savings was included in the Governor's budget. The Governor's budget also included \$2.6 million General Fund savings related to the mental health Preferred Drug List. Because those savings will no longer be realized if this bill passes, the Medical Assistance Program budget will need to be backfilled by that amount. That adjustment will be made in HB 5030, the Oregon Health Authority's budget bill.

## **Amendment**

The proposed -A15 amendment extends the sunset of the Practitioner-Managed Prescription Drug Plan four years, from January 1, 2014 to January 1, 2018, rather than removing the sunset altogether.

**Motion #1: I move the -A15 amendment to HB 2090-A**

**Measure as Modified**

The measure, as amended, is recommended to be moved to the Full Committee on Joint Ways and Means.

**Motion #2: I move HB 2090-A to the Joint Committee on Ways and Means with a "do pass" recommendation, as amended.**

**Assignment of Carriers**

Full: \_\_\_\_\_

2<sup>nd</sup> Chamber: \_\_\_\_\_

Joint Committee on Ways and Means

Carrier – House: Rep.  
Carrier – Senate: Sen.

**Revenue:** No revenue impact

**Fiscal:** Fiscal statement issued

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**Action:**

**Vote:**

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

**Prepared By:** Linda Ames, Legislative Fiscal Office

**Meeting Date:** x/x/2013

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**WHAT THE MEASURE DOES:** Extends the January 1, 2014 sunset to January 1, 2018 on provisions requiring the Oregon Health Authority to enforce the Practitioner-Managed Prescription Drug Plan, also called the Preferred Drug List (PDL) for prescription drug coverage in medical assistance programs.

**ISSUES DISCUSSED:**

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**EFFECT OF COMMITTEE AMENDMENT:** The –A15 replaces the measure. Extends the sunset date from January 2, 2014 to January 1, 2018 on provisions requiring the Oregon Health Authority to enforce the Practitioner-Managed Prescription Drug Plan, also called the Preferred Drug List (PDL) for prescription drug coverage in medical assistance programs.

**BACKGROUND:** In 2001, Senate Bill 819 was enacted, which required the creation of a Practitioner-Managed Prescription Drug Plan (PMPDP), an evidence-based program designed to give medical assistance patients access to the most effective prescription drugs appropriate for their condition while managing overall costs. The PMPDP currently has a January 2, 2014 sunset.

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 2090 - A15**

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

Prepared by: Kim To  
Reviewed by: Linda Ames  
Date: 5/17/2013

**Measure Description:**

Repeals operative date provision to require Oregon Health Authority to continue to use Practitioner-Managed Prescription Drug Plan for prescription drug coverage in medical assistance program on and after January 2, 2014.

**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 2090 with the – A15 amendment extends the sunset date from January 2, 2014 to January 1, 2018 on provisions requiring the Oregon Health Authority to enforce the Practitioner-Managed Prescription Drug Plan, also called the Preferred Drug List (PDL) for prescription drug coverage in medical assistance programs.

Without the extension of the sunset date provided by this bill, OHA would lose its authority to control costs through the use of the PDL, leading to higher costs for the Oregon Health Plan. For the 2013-15 biennium, OHA estimates the cost of not using the PDL for drugs that treat physical conditions to be approximately \$7.4 million Total Funds [\$2.3 million General Fund, \$4.7 Federal Funds, and \$0.4 million Other Funds].

Under current law, OHA has the authority (until January 2, 2014) to enforce the PDL for drugs that treat physical conditions, but not drugs that treat mental health conditions. The 2013-15 Governor’s Budget assumes the continued enforcement of the PDL for drugs that treat physical conditions, and the addition of mental health and therapeutic class drugs with certain exceptions to the Preferred Drug List (PDL). OHA estimates the cost of not using the PDL for drugs that treat mental health conditions to be approximately \$9.3 million Total Funds [\$2.6 million General Fund, \$6.7 Federal Funds].

This bill, as amended, authorizes OHA to enforce the PDL for drugs that treat physical conditions, but not drugs that treat mental health conditions.

Without an enforceable mental health PDL, the OHA Medical Assistance Programs (MAP) budget would need to backfill the anticipated \$9.3 million Total Funds (\$2.6 million General Fund, \$6.7 Federal Funds) savings.

**PROPOSED AMENDMENTS TO  
A-ENGROSSED HOUSE BILL 2090**

1 On page 1 of the printed A-engrossed bill, line 2, after “amending” delete  
2 the rest of the line.

3 In line 3, delete “and repealing”.

4 Delete lines 5 through 26 and delete pages 2 and 3 and insert:

5 **“SECTION 1. Section 13, chapter 827, Oregon Laws 2009, is amended to**  
6 **read:**

7 **“Sec. 13. (1) The amendments to ORS [*414.325 and*] 414.334 by [*sections***  
8 ***7 to*] **section 10, chapter 827, Oregon Laws 2009, [*of this 2009 Act*] become**  
9 **operative on January 2, 2014.****

10 **“(2) The amendments to ORS 414.325 by section 8, chapter 827,**  
11 **Oregon Laws 2009, become operative on January 2, 2018.”.**

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