

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2090 - B

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

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

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Date: 5/28/2013

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 B-Engrossed 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.