FISCAL IMPACT OF PROPOSED LEGISLATION **Measure: HB 2638 - 4**

Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:
Permits medical assistance recipients and coordinated care organizations to use Oregon Prescription Drug Program.

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 2638 with the – 4 amendment allows the Medical Assistance Programs (MAP) to prior authorize (PA) legend drugs before approving payment, for up to six months after a drug being approved for marketing by the US Food and Drug Administration (FDA). This provides sufficient time for review by the Pharmacy and Therapeutics Committee (P&T) to determine and recommend criteria to support appropriate and safe use. The bill replaces reference to ORS 414.720 with ORS 414.690, correctly referencing MAP's authority to require prior authorization for new medications that are in a drug class that has not previously been reviewed. This bill would only apply to new medications whose drug indications are for a funded condition and federal financial participation is available. The bill takes effect January 1, 2016. The – 4 amendment does not change the indeterminate aspect of the fiscal.

The fiscal impact of this bill is indeterminate. The bill could result in a savings by allowing MAP to determine the medical necessity and proper use by establishing medical criteria for drugs new to the market that have not been reviewed by the Pharmacy and Therapeutics Committee, thus avoiding paying for medications that may be inappropriate, unnecessary or unsafe for clients. However, OHA has no way to identify the cost of new upcoming drugs that would be eligible for PA, nor can the agency predict how these drugs would be utilized in the six months prior to review by the Pharmacy and Therapeutics Committee, or how often.