
MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807

To: Human Services Subcommittee of the Joint Committee on Ways and Means

From: Kim To, Legislative Fiscal Office, 503-986-1830

Date: Tuesday, June 23, 2015

Subject: SB 841 Relating to prescription drug refills
Work Session Recommendation

Senate Bill 841 Senate Bill 841, and requires health plans to:

- Reimburse the cost of prescription drugs dispensed in accordance with the plan's synchronization policy; and
- Prorate the copayment or adjust the copayment using a method approved by the Department of Consumer and Business Services for drugs dispensed in a less than 30-day supply for the purpose of synchronizing a patient's prescription drug refills.
- Reimburse, fully, the dispensing fee for partially filled or refilled prescription drugs.

The bill specifies that these requirements do not apply to a prepaid group practice health plan with at least 200,000 enrollees in Oregon. In addition, the bill requires the Oregon Health Authority to implement synchronization policy for dispensing of prescription drugs to medical assistance recipients who are not enrolled in coordinated care organizations. The bill would be effective January 1, 2016 and would apply to health plans issued or renewed on or after that date.

The measure previously had hearings in the Senate Committee on Health Care on 4/8/2015 and 4/20/2015.

The – A8 amendment, the original staff measure summary and the fiscal impact statement are attached to this memo, and available on the Oregon Legislative Information System (OLIS).

The – A8 Amendment

The –A8 amendment:

- Add limitation language for PEBB and OEBC, allocating \$631,544 Other Funds to PEBB, and \$219,256 Other Funds to OEBC.

Fiscal Impact

See attached.

Recommendation

LFO recommends moving the – A8 amendment into the bill.

Motion

Motion: Senator/Representative _____:

I move the dash A8 amendment into SB 841.

Motion

Motion: Senator/Representative _____:

I move SB 841 to the Full Committee with a “do pass” recommendation as amended.

Assignment of Carriers

Full: _____

Senate: _____

House: _____

**PROPOSED AMENDMENTS TO
A-ENGROSSED SENATE BILL 841**

1 On page 2 of the printed A-engrossed bill, after line 21, insert:

2 **“SECTION 4. Notwithstanding any other law limiting expenditures,**
3 **the amount of \$631,544 is established for the biennium beginning July**
4 **1, 2015, as the maximum limit for payment of expenses by the Public**
5 **Employees’ Benefit Board from the Public Employees’ Revolving Fund**
6 **for carrying out the provisions of this 2015 Act.**

7 **“SECTION 5. Notwithstanding any other law limiting expenditures,**
8 **the amount of \$219,256 is established for the biennium beginning July**
9 **1, 2015, as the maximum limit for payment of expenses by the Oregon**
10 **Educators Benefit Board from the Oregon Educators Revolving Fund**
11 **for carrying out the provisions of this 2015 Act.”.**

12

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 841 - A8

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

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

Prepared by: Kim To
Reviewed by: Linda Ames
Date: 6/19/2015

Measure Description:

Modifies requirements for health plan coverage of prescription drugs dispensed in accordance with synchronization policy.

Government Unit(s) Affected:

Oregon Health Authority (OHA)

Summary of Expenditure Impact:

	2015-17 Biennium	2017-19 Biennium
Special Payments - PEBB	\$631,544 ¹	\$842,058
Special Payments - OEGB	\$219,256 ¹	\$584,683
TOTAL OTHER FUNDS (NL)	\$850,800¹	\$1,426,741

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:

Senate Bill 841 with the – A8 amendment allocates \$631,544 Other Funds to PEBB, and \$219,256 Other Funds to OEGB, and requires health plans to:

- Reimburse the cost of prescription drugs dispensed in accordance with the plan's synchronization policy; and
- Prorate the copayment or adjust the copayment using a method approved by the Department of Consumer and Business Services for drugs dispensed in a less than 30-day supply for the purpose of synchronizing a patient's prescription drug refills.
- Reimburse, fully, the dispensing fee for partially filled or refilled prescription drugs.

The bill specifies that these requirements do not apply to a prepaid group practice health plan with at least 200,000 enrollees in Oregon. In addition, the bill requires the Oregon Health Authority to implement synchronization policy for dispensing of prescription drugs to medical assistance recipients who are not enrolled in coordinated care organizations. The bill would be effective January 1, 2016 and would apply to health plans issued or renewed on or after that date.

Oregon Educators Benefit Board (OEGB)

According to Moda Health projection models, OEGB's largest health insurer, passage of this bill could potentially result in a 0.06 percent increase in premium for the OEGB medical plans administered by Moda. This increase translates in a potential fiscal impact of \$219,256 Other Funds for the 2015-17 biennium, and \$584,683 Other Funds for the 2017-19 biennium. The increased premiums are associated with the additional costs of processing copays for prorating prescriptions less than 30 days.

Public Employees' Benefit Board (PEBB)

Providence, PEBB's largest health insurer, also projects a 0.06 percent increase in premium for the PEBB medical plans administered by Providence. This increase translates to a potential fiscal impact of

\$631,544 Other Funds for the 2015-17 biennium, and \$842,058 Other Funds for the 2017-19 biennium. The increased premiums are associated with the additional costs of processing copays for prorating prescriptions less than 30 days. Providence also anticipates additional operational costs resulting from the need for a system enhancement, but at this time, this cost cannot be determined.

Medical Assistance Programs (MAP)

The fiscal impact of this bill on the Medical Assistance Programs cannot be quantified. The Oregon Health Authority reports that this bill expands previous legislation passed in 2014 (Chapter 25, Oregon Laws 2014). Responsibility for oversight and monitoring will lie with the Oregon Health Authority's Medical Assistance Programs (MAP). Fee for Service (FFS) rules already permit early refills for chronic prescriptions without a formal policy when synchronized with other medications. If policy is mandated for FFS clients, increased awareness by providers and pharmacies could increase the number of early refills. With passage of this bill, MAP could incur Oregon Health Plan costs from increased dispensing fees. It is unknown how many prescriptions this would affect. Current dispensing fees are as follows:

- \$9.68 per claim for chain pharmacies and independent pharmacies filling more than 50,000 prescriptions annually.
- \$10.14 per claim for independent pharmacies filling 30,000 to 50,000 claims per year.
- \$14.01 per claim for independently owned pharmacy filling less than 30,000 total prescriptions per year.

It is not possible to know how many prescriptions this will affect nor determine the actual cost of synchronization and partial refills.

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 841 - A**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***Prepared by: Kim To
Reviewed by: Linda Ames
Date: 6/12/2015**Measure Description:**

Modifies requirements for health plan coverage of prescription drugs dispensed in accordance with synchronization policy.

Government Unit(s) Affected:

Oregon Health Authority (OHA)

Summary of Expenditure Impact:

	2015-17 Biennium	2017-19 Biennium
Special Payments - PEBB	\$631,544	\$842,058
Special Payments - OEGB	\$219,256	\$584,683
TOTAL OTHER FUNDS (NL)	\$850,800	\$1,426,741

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:

Senate Bill 841 requires a health plan to:

- Reimburse the cost of prescription drugs dispensed in accordance with the plan's synchronization policy; and
- Prorate the copayment or adjust the copayment using a method approved by the Department of Consumer and Business Services for drugs dispensed in a less than 30-day supply for the purpose of synchronizing a patient's prescription drug refills.
- Reimburse, fully, the dispensing fee for partially filled or refilled prescription drugs.

The bill specifies that these requirements do not apply to a prepaid group practice health plan with at least 200,000 enrollees in Oregon. In addition, the bill requires the Oregon Health Authority to implement synchronization policy for dispensing of prescription drugs to medical assistance recipients who are not enrolled in coordinated care organizations. The bill would be effective January 1, 2016 and would apply to health plans issued or renewed on or after that date.

Oregon Educators Benefit Board (OEGB)

According to Moda Health projection models, OEGB's largest health insurer, passage of this bill could potentially result in a 0.06 percent increase in premium for the OEGB medical plans administered by Moda. This increase translates in a potential fiscal impact of \$219,256 Other Funds for the 2015-17 biennium, and \$584,683 Other Funds for the 2017-19 biennium. The increased premiums are associated with the additional costs of processing copays for prorating prescriptions less than 30 days.

Public Employees' Benefit Board (PEBB)

Providence, PEBB's largest health insurer, also projects a 0.06 percent increase in premium for the PEBB medical plans administered by Providence. This increase translates to a potential fiscal impact of

\$631,544 Other Funds for the 2015-17 biennium, and \$842,058 Other Funds for the 2017-19 biennium. The increased premiums are associated with the additional costs of processing copays for prorating prescriptions less than 30 days. Providence also anticipates additional operational costs resulting from the need for a system enhancement, but at this time, this cost cannot be determined.

Medical Assistance Programs (MAP)

The fiscal impact of this bill on the Medical Assistance Programs cannot be quantified. The Oregon Health Authority reports that this bill expands previous legislation passed in 2014 (Chapter 25, Oregon Laws 2014). Responsibility for oversight and monitoring will lie with the Oregon Health Authority's Medical Assistance Programs (MAP). Fee for Service (FFS) rules already permit early refills for chronic prescriptions without a formal policy when synchronized with other medications. If policy is mandated for FFS clients, increased awareness by providers and pharmacies could increase the number of early refills. With passage of this bill, MAP could incur Oregon Health Plan costs from increased dispensing fees. It is unknown how many prescriptions this would affect. Current dispensing fees are as follows:

- \$9.68 per claim for chain pharmacies and independent pharmacies filling more than 50,000 prescriptions annually.
- \$10.14 per claim for independent pharmacies filling 30,000 to 50,000 claims per year.
- \$14.01 per claim for independently owned pharmacy filling less than 30,000 total prescriptions per year.

It is not possible to know how many prescriptions this will affect nor determine the actual cost of synchronization and partial refills.

STAFF MEASURE SUMMARY

Senate Committee On Health Care

Fiscal: Fiscal impact issued

Revenue: No Revenue Impact

Action Date: 04/20/15

Action: Do Pass With Amendments. (Printed A-Eng.)

Meeting Dates: 04/08, 04/20

Vote:

Yeas: 5 - Knopp, Kruse, Monnes Anderson, Shields, Steiner Hayward

Prepared By: Zena Rockowitz, Committee Administrator

WHAT THE MEASURE DOES:

Requires health plans to reimburse cost of prescription drugs in accordance with plan's synchronization policy. Requires plan to prorate copayment or adjust copayment by method approved by Department of Consumer and Business Services, when drug is dispensed in less than 30-day supply. Requires health plans to reimburse for partially filled or refilled prescriptions. Exempts prescriptions when unit-of-use packaging cannot be synchronized, drugs are controlled substances or drugs have high risk of diversion. Specifies coverage is limited to formulary restrictions. Exempts prepaid group practice health plan with at least 200,000 enrollees. Requires Oregon Health Authority to implement synchronization policy for those not enrolled in coordinated care organization. Effective date of January 1, 2017.

ISSUES DISCUSSED:

- Monitoring adherence
- Patient convenience
- Federal Medicare Part D synchronization
- Additional dispensing fees and program costs

EFFECT OF COMMITTEE AMENDMENT:

Requires prorating copayment or adjustment of copayment using method approved by Department of Consumer and Business Services for drugs with less than 30-day supply. Exempts prepaid group practice health plans with at least 200,000 members. Requires coverage to be limited by formulary restrictions applied to a prescription drug by health plan. Extends implementation date to January 1, 2017.

BACKGROUND:

The World Health Organization estimates that by 2020, the number of people in the United States affected by chronic conditions requiring medication will grow to 157 million. Non-adherence of medication by patients increases likelihood of hospitalizations and mortality, as well as increases health care costs. Medication synchronization policies allow certain medications to be refilled on the same date each month or cycle to help patients manage their refills. This prevents multiple trips to the pharmacy and boosts medication adherence by enhancing engagement for the practitioner, pharmacist and patient. In 2014, the Legislative Assembly passed Senate Bill 1579, which requires health benefit plans, self-insured health plans and coordinated care organizations to adopt policies for a synchronization program by January 2015.

A-Engrossed
Senate Bill 841

Ordered by the Senate April 24
Including Senate Amendments dated April 24

Sponsored by Senators BATES, STEINER HAYWARD, KRUSE; Senators MONNES ANDERSON, SHIELDS

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Modifies requirements for health plan coverage of prescription drugs dispensed in accordance with synchronization policy.

Requires Oregon Health Authority to implement synchronization policy for dispensing of prescription drugs to medical assistance recipients who are not enrolled in coordinated care organization.

A BILL FOR AN ACT

1
2 Relating to prescription drug refills; creating new provisions; and amending sections 2 and 4, chap-
3 ter 25, Oregon Laws 2014.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** Section 2, chapter 25, Oregon Laws 2014, is amended to read:

6 **Sec. 2.** (1) As used in this section:

7 (a) "Health plan" means:

8 (A) A "health benefit plan" as defined in ORS 743.730; and

9 (B) A self-insured health plan offered by the Public Employees' Benefit Board, the Oregon Edu-
10 cators Benefit Board or the Oregon Health and Science University.

11 (b) "Synchronization policy" means a procedure for aligning the refill dates of a patient's pre-
12 scription drugs so that drugs that are refilled at the same frequency may be refilled concurrently.

13 (2) A health plan that includes prescription drug coverage [*must*] **shall** implement a synchroni-
14 zation policy for the dispensing of prescription drugs to the plan's enrollees.

15 **(3) A health plan shall reimburse the cost of prescription drugs dispensed in accordance**
16 **with the plan's synchronization policy.**

17 **(4) If a drug is dispensed in less than a 30-day supply for the purpose of synchronizing a**
18 **patient's prescription drug refills, a health plan shall:**

19 (a) **Prorate the copayment; or**

20 (b) **Adjust the copayment using a method approved by the Department of Consumer and**
21 **Business Services.**

22 **(5) A health plan shall fully reimburse the dispensing fee for partially filled or refilled**
23 **prescription drugs.**

24 **(6) This section does not apply to prescription drugs that:**

25 (a) **Are in unit-of-use packaging for which synchronization is not possible;**

26 (b) **Are controlled substances; or**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 (c) Have been identified by the United States Drug Enforcement Administration as having
2 a high risk of diversion.

3 (7) The coverage required by this section may be limited by formulary restrictions applied
4 to a prescription drug by a health plan.

5 (8)(a) This section does not apply to a prepaid group practice health plan with at least
6 200,000 enrollees in this state.

7 (b) As used in this subsection, “prepaid group practice health plan” means a health care
8 service contractor that provides physician services to its enrollees through an integrated
9 health care delivery system using, primarily, a single group of physicians contracted on a
10 prepaid, capitated basis.

11 **SECTION 2.** Section 4, chapter 25, Oregon Laws 2014, is amended to read:

12 **Sec. 4.** (1) As used in this section, “synchronization policy” means a procedure for aligning the
13 refill dates of a patient’s prescription drugs so that drugs that are refilled at the same frequency
14 may be refilled concurrently.

15 (2) Each coordinated care organization [*must*] **shall** implement a synchronization policy for the
16 dispensing of prescription drugs to members of the organization.

17 (3) **The Oregon Health Authority shall implement a synchronization policy for the dis-**
18 **persing of prescription drugs to recipients of medical assistance who are not enrolled in a**
19 **coordinated care organization.**

20 **SECTION 3.** The amendments to section 2, chapter 25, Oregon Laws 2014, by section 1
21 of this 2015 Act apply to health plans issued or renewed on or after January 1, 2017.
22