

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
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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	\$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.