



**June 11, 2018**

Joint Interim Task Force on Fair Pricing of Prescription Drugs  
900 Court Street NE  
Salem, OR 97301-4048

Dear Members:

This statement provides the Oregon Health Authority's (OHA) response to the Type 1 Diabetes Defense Foundation's statement to the joint task force (last revised May 19, 2018).

Specifically, this statement addresses the Foundation's concerns and questions regarding the Oregon Prescription Drug Program (OPDP), a unit within OHA, and whether it appropriately credits the rebates it receives from drug manufacturers to help offset costs for discount card consumers.

- The OPDP **does not** (and cannot) collect rebates for drugs purchased through the OPDP discount card program. Therefore, there are no rebates to pass back to cardholders.
- OHA has confirmed with our administrator, Moda Health, and subcontractor, MedImpact, that manufacturer rebate contracts do not offer rebates on drugs purchased using the OPDP discount card.

OHA offers the following information to explain the OPDP and its main programs.

## **Background**

The Oregon Prescription Drug Program endeavors to increase access to prescription drugs that Oregonians need to lead healthy lives. States have limited tools to control pharmacy costs. OPDP's ability to leverage its purchasing power has been increasingly important in the landscape of skyrocketing prescription drug prices.

OPDP is able to negotiate reduced prices because of its purchasing power, which ultimately benefits patients. An additional lever group health plans are able to pull is their preferred drug list. They can receive rebates from manufacturers depending on their preferred status in the plan. However, rebates are not available for drugs purchased through the discount card program, because it does not have a preferred drug list.

The OPDP pools purchasing power by partnering with Washington State's Prescription Drug Program (WPDP) to co-administer the Northwest Prescription Drug Consortium (Consortium). The Consortium pools the lives in Oregon and Washington's combined programs to increase the purchasing power of both programs.

## **OPDP Discount Card Program**

All Oregonians can sign up for an OPDP discount card at [www.opdp.org](http://www.opdp.org).

- A nationwide network of over 59,000 pharmacies accepts the discount card. MedImpact manages this pharmacy network.
- The pricing tool at [www.opdp.org](http://www.opdp.org) (“Look up drug costs”) allows Oregonians to compare their drug’s discounted retail pricing across the OPDP pharmacy network.

The discount offered to individuals through the card is equal to the discount all participating group health and insurance plans pay under the OPDP. Individuals pay a \$1.20 administration fee for each transaction they make with the discount card. Of these administration fees:

- 50 percent helps pay for OHA’s staffing costs
- 50 percent helps pay for program costs, including administrative costs with Moda Health and MedImpact

OHA does not (and cannot) collect rebates for drugs purchased using the discount card, because no drug purchased using the card is preferred over another.

### **Group Health and Insurance Plans**

SAIF, PEBB, OEBC and Eastern Oregon CCO are some of the group health and insurance plans that use OPDP to deliver pharmacy services to their plan members.

Unlike prescriptions purchased through the discount card program, prescriptions for the members of participating group health and insurance plans are eligible for negotiated rebates from drug manufacturers, based on each drug’s status on the plan’s preferred drug list. All of the rebates collected go back to the participating plans, according to their utilization of the rebated drugs.

We hope that the information provided above will aid understanding and further discussion of the OPDP.

OHA will continue to look for and analyze strategies to reduce pharmacy costs to Oregonians. We continue to evaluate many options to mitigate rising costs of pharmaceuticals.

If you have further questions, please contact OPDP Director Trevor Douglass, D.C., M.P.H., at [trevor.douglass@dhsoha.state.or.us](mailto:trevor.douglass@dhsoha.state.or.us).