

**SB 237 STAFF MEASURE SUMMARY**

**Senate Committee On Health Care**

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**Meeting Dates:** 3/21

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**WHAT THE MEASURE DOES:**

Requires an insurance carrier that offers individual and group health plans in Oregon to offer at least 25 percent of their plans as a copayment-only plan. Requires these plans to have a single flat copayment amount on all prescription drugs paid for or reimbursed by the carrier. Requires carriers that offer plans that are not a copayment only to have proportional cost-sharing among different tiers. Grants the Department of Consumer and Business Services (DCBS) rulemaking authority to implement and monitor provisions of the bill.

*REVENUE: May have revenue impact, but no statement yet issued.*

*FISCAL: May have fiscal impact, but no statement yet issued.*

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Pharmaceutical expenditures in the U.S. are affected by access to and use of utilization of prescription drugs, clinical breakthroughs and introduction of new medications, price negotiation among public and private payers, and a complex set of legal and regulatory policies, among other factors. The increasing cost of prescription drugs has and continues to serve as an important issue for patients, payers, and policy makers. The Journal of the American Medical Association (2016) states that between 2013-2015, spending on prescription drugs increased approximately 20% with government entities paying for about 40% of the country's total retail prescription drug costs. In 2015, the U.S. spent more than \$310 billion dollars on prescription medicine, an 8.4 percent increase from the previous year.

The Pew Charitable Trusts reports that new drugs are a significant driver of spending growth with increased spending on specialty drugs; 1% of all prescriptions account for 35% of total drug spending in the U.S. In Oregon, the Oregon Health Authority (OHA) reports that the state's Medicaid program, which accounts for a sizable portion of the state's total budget, experienced a significant increase in its overall pharmacy expenditures between 2014-2015, particularly for brand and specialty named drugs. Nationally, in response to rising prescription drugs, approximately 72 percent of Americans surveyed in 2015 reported that the cost of prescription drugs is unreasonable (Kaiser Family Foundation 2015). Rising drug costs have led the public and policymakers to be concerned and explore a range of strategies to control rising drug costs. Strategies include addressing the issue of drug affordability for patients, rising prices and use of new high-cost specialty drugs impact patients.

Senate Bill 237 would limit out-of-pocket expenses imposed on insureds for prescription drugs covered by health plans offered on the individual and group market in Oregon.