

## SB 793 -1, -2 STAFF MEASURE SUMMARY

### Senate Committee On Health Care

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**Meeting Dates:** 3/9, 4/13

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#### WHAT THE MEASURE DOES:

Requires drug manufacturers to report to the Department of Consumer and Business Services (DCBS) the prices of prescription drugs sold in Oregon. Requires drug manufacturers to report to DCBS any increase in the price of a prescription drug if the drug has been available for sale in Oregon for at least three years. Authorizes DCBS to review price increases, supporting documentation from manufacturers, and determine if the price increase is excessive. Provides DCBS with the authority to require manufacturers to refund purchasers of a prescription drug if the agency determines the price to be excessive. Provides DCBS with the authority to administer oaths, subpoena witnesses and records.

#### ISSUES DISCUSSED:

- Oregon's rate review process
- Prescription drugs are a growing cost driver of health in Oregon; higher insurance premiums
- Impact of prescription prices on consumers and affordability
- Pricing of prescription drugs, wholesale vs. list price for drugs; manufacturer rebates
- Costs to research and develop new pharmaceutical therapies

#### EFFECT OF AMENDMENT:

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Establishes criteria for the Department of Consumer and Business Services (DCBS) to use to determine whether the price of a prescription drug is excessive. Defines terms for pricing of prescription drugs. Authorizes DCBS to review price increases, supporting documentation from manufacturers, and determine if the price increase is excessive. Prohibits a drug manufacturer from increasing the price of a prescription drug deemed 'excessive' without DCBS' prior approval. Requires drug manufacturer to refund price increases deemed excessive to purchasers. Grants DCBS rulemaking authority to implement Act and impose fees on manufacturers.

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

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

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Defines terms. Requires drug manufacturers that advertise a prescription drug to disclose in advertisements the wholesale price for a drug paid by pharmacies in Oregon. Creates a civil penalty of up to \$5,000 for manufacturers that fail to disclose the wholesale price of a prescription drug.

*REVENUE: No revenue impact.*

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

#### BACKGROUND:

Pharmaceutical expenditures in the U.S. are impacted by access to and utilization of prescription drugs, clinical breakthroughs and introduction of new medications, price negotiation among public

and private payers, a complex set of legal and regulatory policies and other factors. The increasing cost of prescription drugs has and continues to serve as an important issue for patients, payers and policy makers. According to an article in the Journal of the American Medical Association (2016), between 2013-2015, spending on prescription drugs increased approximately 20 percent with government entities paying for approximately 40 percent of the country's total retail prescription drug costs.

Senate Bill 792 would require pharmaceutical manufacturers to disclose the wholesale price for advertised drugs in all forms of advertising in Oregon.