

## HB 2387 A STAFF MEASURE SUMMARY

### House Committee On Health Care

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**Action Date:** 04/17/17

**Action:** Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

**Vote:** 5-4-0-0

**Yeas:** 5 - Alonso Leon, Greenlick, Keny-Guyer, Malstrom, Nosse

**Nays:** 4 - Buehler, Hack, Hayden, Kennemer

**Fiscal:** Fiscal impact issued

**Revenue:** No revenue impact

**Prepared By:** Sandy Thiele-Cirka, LPRO Analyst

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#### WHAT THE MEASURE DOES:

Creates the Oregon Premium Protection Program within the Department of Consumer and Business Services (DCBS). Defines excess cost, foreign price cap, manufacturer and off-patent. Directs DCBS to prescribe by rule a formula to determine the excess costs incurred by a payer, a method for determining the amount of rebates owed by manufacturer based on claims for rebates, and charge and collect from the manufacturers the rebate amounts owed. Specifies the prescription drug cap.

#### ISSUES DISCUSSED:

- Review of Prescription Drug Cost/Pricing Workgroup (September 2015 - November 2016)
- Impact of rising prescription drugs on low- and middle-income individuals and families
- Personal experiences with expensive prescriptions and personal difficulties
- Other health care cost drivers
- Undue regulations may slow down innovation in Oregon
- Proposed amendment

#### EFFECT OF AMENDMENT:

Defines excess cost, foreign price cap, manufacturer and off-patent. Creates the Oregon Premium Protection Program in the Department of Consumer and Business Services (DCBS). Requires DCBS to prescribe by rule a formula to determine the excess costs incurred by a payer, a method for determining the amount of rebates owed by manufacturer based on claims for rebates, and charge and collect from the manufacturers the rebate amounts owed. Specifies the prescription drug cap.

#### BACKGROUND:

According to the Journal of the American Medical Association 2016 article, "In 2013, per capita spending on prescription drugs was \$858 compared with an average of \$400 for 19 other industrialized nations. In the United States, prescription medications now comprise an estimated 17% of overall personal health care services. The most important factor that allows manufacturers to set high drug prices is market exclusivity, protected by proprietary rights awarded upon Food and Drug Administration approval and by patents. The availability of generic drugs after this exclusivity period is the main means of reducing prices in the United States, but access to them may be delayed by numerous business and legal strategies. The primary counterweight against excessive pricing during market exclusivity is the negotiating power of the payer, which is currently constrained by several factors, including the requirement that most government drug payment plans cover nearly all products. Another key contributor to drug spending is physician prescribing choices when comparable alternatives are available at different costs."