

House Bill 2116

Sponsored by Representative GREENLICK (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Creates Help In Cutting Costs for Unusual Pharmaceuticals program in Oregon Health Authority to reimburse high costs incurred by persons in this state to purchase certain pharmaceutical products. Requires Department of Revenue to transfer specified amount of corporate excise taxes paid on Oregon sales of pharmaceutical products by pharmaceutical manufacturers doing business in Oregon to pay for administration of program.

A BILL FOR AN ACT

1 Relating to reducing the high costs of pharmaceutical products.

2 **Be It Enacted by the People of the State of Oregon:**

3 **SECTION 1. (1) The Help In Cutting Costs for Unusual Pharmaceuticals program is cre-**
4 **ated in the Oregon Health Authority for the purpose of reducing the burden on residents of**
5 **this state resulting from the exceptionally high cost of certain lifesaving pharmaceutical**
6 **products.**

7
8 **(2) The program shall reimburse the out-of-pocket costs in excess of \$_____ per indi-**
9 **vidual during a calendar year that are paid by an eligible person for an unusual pharmaceu-**
10 **tical.**

11 **(3) A person is eligible for the program if the person is:**

12 **(a) An individual residing in this state who incurs out-of-pocket costs for an unusual**
13 **pharmaceutical.**

14 **(b) An insurer that reimburses the cost of an unusual pharmaceutical for an insured in-**
15 **dividual residing in this state.**

16 **(c) A person who contracts with a third party administrator or a pharmacy benefit**
17 **manager to reimburse the cost of an unusual pharmaceutical for an insured individual re-**
18 **siding in this state.**

19 **(4)(a) The authority shall administer the program using funds from the Help In Cutting**
20 **Costs for Unusual Pharmaceuticals Fund created in section 5 of this 2017 Act.**

21 **(b) The authority shall prescribe the form and manner for eligible persons to apply for**
22 **the program, including verification requirements, and the procedures for making payments**
23 **to eligible persons.**

24 **(5) On or before June 30 of each year, beginning with June 30, 2018, the authority shall**
25 **estimate the cost to administer the program during the next calendar year and report the**
26 **cost to the Department of Revenue for determining the amount of funds to be transferred**
27 **to the Help In Cutting Costs for Unusual Pharmaceuticals Fund under section 4 of this 2017**
28 **Act.**

29 **SECTION 2. As used in this section and section 1 of this 2017 Act:**

30 **(1) "Health benefit plan" has the meaning given that term in ORS 743B.005.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (2) “Insurer” means a person with a certificate of authority to transact insurance in this
 2 state that offers for sale to residents of this state a health benefit plan.

3 (3) “Pharmaceutical product” has the meaning given that term in section 4 of this 2017
 4 Act.

5 (4) “Pharmacy benefit manager” has the meaning given that term in ORS 735.530.

6 (5) “Third party administrator” means a person licensed under ORS 744.702.

7 (6) “Unusual pharmaceutical” means a pharmaceutical product for which an eligible
 8 person pays more than \$_____ in a calendar year for one individual.

9 **SECTION 3.** Section 4 of this 2017 Act is added to and made a part of ORS chapter 317.

10 **SECTION 4.** (1) As used in this section:

11 (a) “Pharmaceutical manufacturer” means a company engaged in researching, develop-
 12 ing, manufacturing or marketing pharmaceutical products for profit.

13 (b) “Pharmaceutical product” means a chemically derived drug, or a biologic made from
 14 living organisms, that is intended for use in the diagnosis, cure, mitigation, treatment or
 15 prevention of disease.

16 (2) On or before July 1 of each year, beginning with July 1, 2018, the Department of Re-
 17 venue shall estimate the amount of revenue that:

18 (a) Has been received by the department for tax years beginning on or after January 1
 19 of the previous year but before January 1 of the current year; and

20 (b) Is attributable to taxes imposed under this chapter on Oregon sales of pharmaceutical
 21 products by pharmaceutical manufacturers that are doing business in this state.

22 (3) On or before October 1 of each year, beginning with October 1, 2018, the department
 23 shall transfer to the Help In Cutting Costs for Unusual Pharmaceuticals Fund created in
 24 section 5 of this 2017 Act an amount equal to the lesser of:

25 (a) The estimate made in that year under subsection (2) of this section; and

26 (b) The estimate made by the Oregon Health Authority under section 1 (5) of this 2017
 27 Act.

28 **SECTION 5.** The Help In Cutting Costs for Unusual Pharmaceuticals Fund is created in
 29 the State Treasury, separate and distinct from the General Fund, consisting of moneys re-
 30 ceived by the Department of Revenue and transferred to the Help In Cutting Costs for Un-
 31 usual Pharmaceuticals Fund under section 4 (3) of this 2017 Act. Interest earned by the fund
 32 shall be credited to the fund. Moneys in the fund are continuously appropriated to the
 33 Oregon Health Authority to carry out the provisions of section 1 of this 2017 Act.

34 **SECTION 6.** (1) In addition to and not in lieu of any other appropriation, there is appro-
 35 priated to the Oregon Health Authority, for the biennium beginning July 1, 2017, out of the
 36 General Fund, the amount of \$_____, which may be expended for carrying out the pro-
 37 visions of section 1 of this 2017 Act.

38 (2) When the authority determines that moneys in sufficient amount are available in the
 39 Help In Cutting Costs for Unusual Pharmaceuticals Fund created by section 5 of this 2017
 40 Act, but in no event later than June 30, 2019, the authority shall reimburse the General
 41 Fund, without interest, in an amount equal to the amount from the General Fund appropri-
 42 ated and expended as provided in subsection (1) of this section. The moneys used to reim-
 43 burse the General Fund under this subsection shall not be considered a budget item on which
 44 a limitation is otherwise fixed by law, but shall be in addition to any specific biennial appro-
 45 priations or amounts authorized to be expended from continuously appropriated moneys for

1 **any biennial period.**

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