

House Bill 4151

Sponsored by Representatives SALINAS, GREENLICK; Representatives SANCHEZ, SOLLMAN, WITT (Presession 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**.

Requires state agencies that purchase prescription drugs and Public Employees' Benefit Board, Oregon Educators Benefit Board, Public Employees Retirement System and Oregon Health and Science University to purchase prescription drugs through Oregon Prescription Drug Program. Authorizes exemptions.

A BILL FOR AN ACT

1
2 Relating to bulk purchasing of prescription drugs; amending ORS 414.312 and 414.314.

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

4 **SECTION 1.** ORS 414.312 is amended to read:

5 414.312. (1) As used in ORS 414.312 to 414.318:

6 (a) "Pharmacy benefit manager" means an entity that negotiates and executes contracts with
7 pharmacies, manages preferred drug lists, negotiates rebates with prescription drug manufacturers
8 and serves as an intermediary between the Oregon Prescription Drug Program, prescription drug
9 manufacturers and pharmacies.

10 (b) "Prescription drug claims processor" means an entity that processes and pays prescription
11 drug claims, adjudicates pharmacy claims, transmits prescription drug prices and claims data be-
12 tween pharmacies and the Oregon Prescription Drug Program and processes related payments to
13 pharmacies.

14 (c) "Program price" means the reimbursement rates and prescription drug prices established by
15 the administrator of the Oregon Prescription Drug Program.

16 (2) The Oregon Prescription Drug Program is established in the Oregon Health Authority. The
17 purpose of the program is to:

18 (a) Purchase prescription drugs, replenish prescription drugs dispensed or reimburse pharmacies
19 for prescription drugs in order to receive discounted prices and rebates;

20 (b) Make prescription drugs available at the lowest possible cost to participants in the program
21 as a means to promote health;

22 (c) Maintain a list of prescription drugs recommended as the most effective prescription drugs
23 available at the best possible prices; and

24 (d) Promote health through the purchase and provision of discount prescription drugs and co-
25 ordination of comprehensive prescription benefit services for eligible entities and members.

26 (3) The Director of the Oregon Health Authority shall appoint an administrator of the Oregon
27 Prescription Drug Program. The administrator may:

28 (a) Negotiate price discounts and rebates on prescription drugs with prescription drug man-
29 ufacturers or group purchasing organizations;

30 (b) Purchase prescription drugs on behalf of individuals and entities that participate in the

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 program;

2 (c) Contract with a prescription drug claims processor to adjudicate pharmacy claims and
3 transmit program prices to pharmacies;

4 (d) Determine program prices and reimburse or replenish pharmacies for prescription drugs
5 dispensed or transferred;

6 (e) Adopt and implement a preferred drug list for the program;

7 (f) Develop a system for allocating and distributing the operational costs of the program and any
8 rebates obtained to participants of the program; and

9 (g) Cooperate with other states or regional consortia in the bulk purchase of prescription drugs.

10 (4) The following [*individuals or*] entities [*may*] **shall** participate in the program:

11 (a) Public Employees' Benefit Board, Oregon Educators Benefit Board and Public Employees
12 Retirement System;

13 [*(b) Local governments as defined in ORS 174.116 and special government bodies as defined in*
14 *ORS 174.117 that directly or indirectly purchase prescription drugs;*]

15 [*(c)*] **(b)** Oregon Health and Science University established under ORS 353.020; **and**

16 [*(d)*] **(c)** State agencies that directly or indirectly purchase prescription drugs, including agen-
17 cies that dispense prescription drugs directly to persons in state-operated facilities[;].

18 **(5) An entity described in subsection (4) of this section may elect not to purchase pre-**
19 **scription drugs through the program if the entity demonstrates to the program that the**
20 **entity can obtain greater discounts and aggregate cost savings through other available pur-**
21 **chasing mechanisms.**

22 **(6) The following individuals or entities may participate in the program:**

23 **(a) Local governments as defined in ORS 174.116 and special government bodies as defined**
24 **in ORS 174.117 that directly or indirectly purchase prescription drugs;**

25 [*(e)*] **(b)** Residents of this state who lack or are underinsured for prescription drug coverage;

26 [*(f)*] **(c)** Private entities; and

27 [*(g)*] **(d)** Labor organizations.

28 [*(5)*] **(7)** The administrator may establish different program prices for pharmacies in rural areas
29 to maintain statewide access to the program.

30 [*(6)*] **(8)** The administrator may establish the terms and conditions for a pharmacy to enroll in
31 the program. A licensed pharmacy that is willing to accept the terms and conditions established by
32 the administrator may apply to enroll in the program.

33 [*(7)*] **(9)** Except as provided in subsection [*(8)*] **(10)** of this section, the administrator may not:

34 (a) Contract with a pharmacy benefit manager;

35 (b) Establish a state-managed wholesale or retail drug distribution or dispensing system; or

36 (c) Require pharmacies to maintain or allocate separate inventories for prescription drugs dis-
37 pensed through the program.

38 [*(8)*] **(10)** The administrator shall contract with one or more entities to perform any of the
39 functions of the program, including but not limited to:

40 (a) Contracting with a pharmacy benefit manager and directly or indirectly with such pharmacy
41 networks as the administrator considers necessary to maintain statewide access to the program.

42 (b) Negotiating with prescription drug manufacturers on behalf of the administrator.

43 [*(9)*] **(11)** Notwithstanding subsection [*(4)(e)*] **(6)** of this section, individuals who are eligible for
44 Medicare Part D prescription drug coverage may participate in the program.

45 [*(10)*] **(12)** The program may contract with vendors as necessary to utilize discount purchasing

1 programs, including but not limited to group purchasing organizations established to meet the cri-
2 teria of the Nonprofit Institutions Act, 15 U.S.C. 13c, or that are exempt under the Robinson-Patman
3 Act, 15 U.S.C. 13.

4 **SECTION 2.** ORS 414.314 is amended to read:

5 414.314. (1) An individual or entity described in ORS 414.312 [~~(4)~~] **(6)** may apply to participate
6 in the Oregon Prescription Drug Program. Participants shall apply on an application provided by the
7 Oregon Health Authority. The authority may charge participants a nominal fee to participate in the
8 program. The authority shall issue a prescription drug identification card to participants of the
9 program.

10 (2) The authority shall provide a mechanism to calculate and transmit the program prices for
11 prescription drugs to a pharmacy. The pharmacy shall charge the participant the program price for
12 a prescription drug.

13 (3) A pharmacy may charge the participant the professional dispensing fee set by the authority.

14 (4) Prescription drug identification cards issued under this section must contain the information
15 necessary for proper claims adjudication or transmission of price data.

16
