

## HB 3397 -1 STAFF MEASURE SUMMARY

### House Committee On Health Care

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**Sub-Referral To:** Joint Committee On Ways and Means

**Meeting Dates:** 4/2, 4/9

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#### WHAT THE MEASURE DOES:

Directs the Oregon Health Authority (OHA) to pay the lowest cost for any prescription drug purchased for individuals enrolled in medical assistance using a purchasing agent. Defines lowest cost for prescription drugs as the lowest net cost after rebates are subtracted. Requires OHA to report to the Legislative Assembly annually on the activities of the Pharmacy and Therapeutics Committee, savings to the state attributable to rebates, and results of the alignment of the preferred drug list for individuals enrolled in coordinated care organizations (CCOs) and those not enrolled in CCOs. Creates the Oregon Medicaid Purchasing Cooperative (Cooperative) to advise OHA and the purchasing agent on the Practitioner-Managed Prescription Drug Plan and purchasing in the medical assistance program. Authorizes the Cooperative to access the prescription drug monitoring program to improve accountability with dispensing prescription drugs. Specifies membership and appointing authority for Cooperative. Requires OHA to develop and issue a request for proposals for purchasing agent. Declares emergency, effective on passage.

#### ISSUES DISCUSSED:

##### EFFECT OF AMENDMENT:

-1 Requires OHA to develop and issue a request for proposals to contract with a third party to act as a purchasing agent. Creates the Oregon Medicaid Purchasing Cooperative (Cooperative) to advise OHA and the purchasing agent on the Practitioner-Managed Prescription Drug Plan and purchasing prescription drugs in the medical assistance program. Specifies membership, responsibilities, and appointing authority. Requires OHA to report to the Legislature on the activities of the Pharmacy and Therapeutics Committee and the Cooperative. Authorizes Cooperative to meet in executive session. Declares emergency, effective on passage.

*REVENUE: No revenue impact.*

*FISCAL: Fiscal impact statement issued.*

#### BACKGROUND:

In 2001, the Legislative Assembly enacted Senate Bill 819 creating the Practitioner-Managed Prescription Drug Plan (PMPDP). The PMPDP requires the state's Medicaid plan, the Oregon Health Plan (OHP), to maintain a list of the most cost-effective drugs to prescribe for fee-for-service enrollees (i.e., those not enrolled in managed care). This list is called the Preferred Drug List (PDL). New prescriptions for non-preferred physical health drugs (not listed on the PDL) require prior authorization, which refers to when a health care provider needs advance approval from a health plan to deliver medication. Health plans may require prior authorization before a drug that is not on the list can be dispensed, which means the prescriber must receive approval from the source paying for the drugs before the prescription can be filled.

The Pharmacy and Therapeutics Committee (committee) is an 11-member advisory committee of physicians, pharmacists, and consumer representatives. The committee is responsible for performing drug use review and making drug policy recommendations for OHP. According to the committee, their mission is to encourage safe, effective, and innovative drug policies that promote high-value medications for patients served by OHP and other

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health care programs under the Oregon Health Authority (OHA). This is achieved by evidence-based committee review of drug use research, clinical guidance and education, making recommendations to OHA, and maintaining the state's PDL. In its work, the Committee considers in order of priority: the safety and efficacy of the drugs being considered, the ability of Oregonians to access effective prescription drugs that are appropriate for their clinical conditions, and substantial differences in costs of drugs within the same therapeutic class.

House Bill 3397 establishes a single entity to purchase prescription drugs for enrollees covered in the Oregon Health Plan.