

FISCAL IMPACT OF PROPOSED LEGISLATION

80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office

Measure: HB 2658 - A

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Requires manufacturer of prescription drugs to report to Department of Consumer and Business Services planned increase in price of certain prescription drugs at least 60 days before date of increase.

Government Unit(s) Affected:

Department of Consumer and Business Services (DCBS)

Summary of Fiscal Impact:

Costs related to the measure are anticipated to be minimal - See explanatory analysis.

Analysis:

HB 2658 - A requires that pharmaceutical manufacturers report to the Department of Consumer and Business Services (DCBS) at least 60 days before certain planned cost increases for a prescription.

This measure requires reporting for the following circumstances:

- A brand-name drug with a cumulative price increase of 10 percent or more, or an increase of \$10,000 or more, during the previous 12-month period.
- A generic drug with a cumulative price increase of 25 percent or more, and an increase of \$300 or more, during the previous 12-month period.

The measure also changes applicability of reporting requirements, excluding the following prescription drugs:

- An abbreviated new drug application
- An authorized generic drug
- A drug that entered the market before 1962 that was not marketed under a new drug application and is manufactured by four or more companies.

DCBS will implement this measure using the administrative framework developed as a result of House Bill 4005 (2018), which created the Oregon Prescription Drug Price Transparency Program (DPTP) at DCBS. This program provides the public with information from prescription drug manufacturers on the cost and pricing of certain prescription drugs in the state.

DCBS anticipates the following impacts for administration of this measure:

- Establishing an advisory committee to prescribe reporting content and form: *80 hours of staff time*
- Modifications to DCBS' existing DPTP reporting system: *1,375 IT development hours*

Establishment of an advisory committee can be absorbed by current DCBS staff. Modifications to the DPTP reporting system are estimated to cost \$96,250 Other Funds. These funds will be transferred from DCBS' Division of Financial Regulation, which houses DPTP, to DCBS' Central Service Division, which houses the agency's IT services. This measure does not designate a funding mechanism, so these costs would be paid from existing agency revenue streams.