

SB 872 -8, -9 STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Tom MacDonald, Budget Analyst

Meeting Dates: 6/10

WHAT THE MEASURE DOES:

Requires pharmaceutical manufacturers to report to the Department of Consumer and Business Services (DCBS) the total cost of prescription patient assistance programs and information regarding financial assistance provided to pharmacies, government agencies, and patient advocacy organizations. Adds exclusion for proprietary information from requirement that prescription drug information be posted to DCBS' website. Requires Public Employees' Benefit Board (PEBB), Oregon Educators Benefit Board (OEBB), Oregon Prescription Drug Program, and coordinated care organizations to use only fee-for-service pharmacy benefit managers. Requires health benefit plan carriers to publish specified prescription drug information to carrier's website. Requires carriers to provide written notice of at least 60 days in advance of a change to the prescription drug formulary that will adversely affect the enrollee. Establishes consumer's right to be educated about all means available to reduce the cost for a prescribed drug. Requires insurers, pharmacy benefit managers, and third party administrators to apply toward any deductible or out-of-pocket maximum imposed under a consumer's pharmacy benefit the price paid by a consumer to purchase a prescription drug covered by the pharmacy benefit regardless of whether the consumer used the pharmacy benefit to purchase the drug. Requires medical providers to include an itemization of specified charges, prices, and fees for every billing that includes a charge for the dispensing or administration of a prescription drug. Requires the Oregon Health Authority (OHA), PEBB, OEBB, the Department of Corrections, and the Oregon Youth Authority to annually report to the Legislative Assembly information about each agency's expenditures for prescription drugs. Specifies report contents. Requires OHA to notify the Pharmacy and Therapeutics Committee (P&T Committee) of drugs whose wholesale acquisition cost is \$10,000 or more for a one-month supply or for a course of treatment lasting less than one month. Requires P&T Committee to evaluate reported drugs and make recommendations regarding the inclusion on any preferred drug list adopted by OHA and on the Practitioner-Managed Prescription Drug Plan. Requires patient advocacy organizations, with annual budget of more than \$50,000 and that have a registered lobbyist in Oregon, to report to the Oregon Government Ethics Commission and OHA with specific information regarding funding received from participants in the pharmaceutical supply chain if patient advocacy organization receives more than ten percent of its annual budget from individuals in the pharmaceutical supply chain. Defines "patient advocacy organization" and "pharmaceutical supply chain." Requires pharmacy benefit managers to report to DCBS and plan sponsors with specific information regarding rebates, reimbursements, fees, and incentives paid for drugs by manufacturers, insurers, and pharmacies. Requires manufacturers who advertise a prescription drug to disclose the wholesale price paid by pharmacies located in the state. Defines "advertise."

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

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- Updates definitions
- Adds information for carrier formulary reports/notifications
- Replaces the disclosure of price in drug advertisement requirement with a requirement that carriers offering individual and small employer health plans report administrative expenses to DCBS

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- Directs the Task Force on Fair Pricing of Prescription Drugs to evaluate legislation that was intended to address drug cost transparency and additional strategies to reduce drug costs for Oregonians
 - Requires insurers and health benefit plans to annually report to DCBS on drug costs and utilization
 - Updates requirements related to the registration of pharmaceutical manufacturers with DCBS.
- 9 Establishes General Fund appropriation of \$390,534 in OHA

BACKGROUND:

House Bill 4005 (2018) established the Joint Interim Task Force On Fair Pricing of Prescription Drugs (Task Force). The Task Force included representation from pharmaceutical manufacturers, insurers, pharmacy benefit managers, prescription drug wholesalers, independent pharmacies, large retail pharmacy chains, hospitals, biopharmaceutical companies, coordinated care organizations, medical providers, and state agencies. Charged with developing a strategy to create transparency for drug prices across the entire supply chain of pharmaceutical products, the Task Force delivered its final report in October 2018 with 14 recommendations.

Senate Bill 872 implements several of the recommendations of the Task Force.