

HB 2679 A STAFF MEASURE SUMMARY

House Committee On Health Care

Action Date: 04/04/19

Action: Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

Vote: 10-0-1-0

Yeas: 10 - Alonso Leon, Boles, Drazan, Greenlick, Hayden, Mitchell, Noble, Nosse, Prusak, Salinas

Exc: 1 - Keny-Guyer

Fiscal: Fiscal impact issued

Revenue: No revenue impact

Prepared By: Oliver Droppers, LPRO Analyst

Meeting Dates: 2/19, 4/4

WHAT THE MEASURE DOES:

Directs the administrator of the Oregon Prescription Drug Program to cooperate with the State of California to purchase bulk prescription drugs. Requires the administrator to report to the Legislative Assembly annually, starting December 1, 2020. Allows the administrator of the Oregon prescription drug program to contract with a pharmacy benefit manager and establish a state-managed wholesale, retail drug distribution, or dispensing system. Prohibits administrator from requiring pharmacies to maintain or allocate separate inventories for prescription drugs dispensed through the program, except as necessary to enter into or carry out an agreement for the bulk purchasing of prescription drugs. Repeals the law on January 2, 2022. Declares emergency; effective upon passage.

ISSUES DISCUSSED:

- Bulk purchasing agreements among public entities to negotiate price agreements with drug manufacturers
- Incentives among Canadian provinces to participate in bulk purchasing, or Canadian wholesalers willing to sell prescription drugs to states
- Status of Vermont's initiative to import prescription drugs from Canada

EFFECT OF AMENDMENT:

Modifies Oregon prescription drug program by allowing the administrator to contract with a pharmacy benefit manager, establish a state-managed wholesale or retail drug distribution or dispensing system. Prohibits administrator from requiring pharmacies to maintain or allocate separate inventories for prescription drugs dispensed through the program, except as necessary to enter into or carry out an agreement for the bulk purchasing of prescription drugs.

BACKGROUND:

According to the National Conference of State Legislatures, as of 2018 there were five multi-state bulk purchasing pools with three focused on state Medicaid drug purchasing. The main purpose of these programs is to lower costs of prescription drugs by negotiating price concessions and rebates from manufacturers. Oregon is a member of the Sovereign States Drug Consortium, a multi-consortium of 12 state Medicaid programs that operates through memorandums of understanding (MOUs) among each state to negotiate discounts from manufacturers. The Minnesota Multistate Contracting Alliance for Pharmacy (MMCAP) is a group purchasing organization open to state and local government entities but does not serve state Medicaid programs. MMCAP currently comprises 49 states and local government entities.

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The Northwest Prescription Drug Program is a consortium between two states: Oregon and Washington. The purpose of the consortium is to negotiate discounts with drug manufacturers and make prescription drugs available at the lowest possible price for Oregon residents. In 2018, the two-state consortium managed \$800 million in annual drug purchases for more than 1 million enrollees.

House Bill 2679-A directs the Oregon Prescription Drug Program to cooperate with the State of California to bulk purchase prescription drugs.