

## HB 2680 A STAFF MEASURE SUMMARY

### House Committee On Health Care

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**Action Date:** 04/04/19

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

**Vote:** 6-4-1-0

**Yeas:** 6 - Alonso Leon, Greenlick, Mitchell, Nosse, Prusak, Salinas

**Nays:** 4 - Boles, Drazan, Hayden, Noble

**Exc:** 1 - Keny-Guyer

**Fiscal:** Fiscal impact issued

**Revenue:** No revenue impact

**Prepared By:** Oliver Droppers, LPRO Analyst

**Meeting Dates:** 2/19, 4/4

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#### WHAT THE MEASURE DOES:

Directs the administrator of the Oregon Prescription Drug Program (OPDP) to cooperate with Canadian provinces or territories to purchase prescription drugs in bulk. Requires the administrator to report to the Legislative Assembly annually, starting December 1, 2020. Repeals the law on January 2, 2022. Allows the administrator of OPDP 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. Declares emergency, effective on 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:

Authorizes the administrator of the Oregon Prescription Drug Program to cooperate with Canadian provinces or territories in the bulk purchase of prescription drugs. Allows 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:

Oregon's Prescription Drug Program (OPDP) was established by the Legislative Assembly in 2003 as the state's only prescription drug purchasing pool. The purpose of the program is to negotiate discounts with drug manufacturers and make prescription drugs available at the lowest possible price for Oregon residents. In 2006, the program joined with Washington's state program and formed the Northwest Prescription Drug Program. In 2015, House Bill 2638 was enacted, providing Medicaid health plans in Oregon the option to use OPDP's services.

As of September 2018, the two-state consortium managed \$800 million in annual drug purchases for approximately 1 million participants. Group health and insurance plans including the State Accident Insurance Fund (SAIF), Public Employees' Benefit Board, Oregon Educators Benefit Board, and Eastern Oregon Coordinated Care Organization (CCO) contract with OPDP to delivery pharmacy services to their enrollees. The OPDP also

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operates a discount card program allowing enrollees to receive discounts at 600 participating pharmacies in Oregon. In 2018, 306,493 residents were enrolled in OPDP's discount card program. According to the Oregon Health Authority, since the discount card program started in 2005, approximately \$130 million in savings has been achieved.

House Bill 2680-A directs the Oregon Prescription Drug Program to cooperate with regional Canadian governments to bulk purchase prescription drugs.