

HB 2689 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: 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

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Meeting Dates: 2/19, 4/4

WHAT THE MEASURE DOES:

Requires the Oregon Health Authority (OHA) to design a wholesale drug importation program that is safe and efficient, and operate as a licensed drug wholesaler to import prescription drugs from Canada. Specifies criteria for drug importation. Authorizes OHA to establish a fee on the sale of imported drugs. Requires OHA to obtain a wholesale license or contract with a licensed wholesaler and authorizes the agency to take necessary steps to establish program. Directs the Attorney General to monitor anticompetitive behavior among industries affected by the program and report to OHA. Exempts employer self-insured health plans from specific requirements. Requires OHA to develop an estimate of annual costs and consumer savings, report to relevant committees of the Legislative Assembly no later than 12 months after the effective date of the measure, and submit a formal request to the federal Department of Health and Human Services if consumer savings are indicated, to certify the program. Allows 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.

ISSUES DISCUSSED:

- U.S. and Canadian health care expenditures; per capita expenditures
- Public sector negotiation with pharmaceutical manufacturers
- Prescription drug prices in the U.S. including Oregon; consumer out-of-pocket costs for medications
- Cost-benefit analysis prior to establishing the program
- House Bills 2679 and 2680 (2019)

EFFECT OF AMENDMENT:

Replaces the measure and adds whereas clauses.

BACKGROUND:

According to information obtained from the Centers for Medicare and Medicaid Services, the federal Food and Drug Administration, and the National Conference of State Legislatures: the U.S. is the largest importer of pharmaceutical drugs, globally, with higher prescription drug spending and prices than other high-income countries, with drug spending estimated to grow 6.3 percent annually from 2017-2026; 80 percent of pharmaceutical ingredients and 40 percent of finished drugs are manufactured outside of the U.S.; and from 2015-2017, 119 laws have been enacted in 45 states to affect costs, pricing, transparency, and payment for prescription drugs.

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As of January 2019, 12 states have introduced legislation aimed at drug importation, which would create a wholesale importation program to purchase high-cost drugs from wholesalers who purchase drugs in Canada. State-administered wholesale importation seeks to increase price competition in the U.S., and drugs purchased by the program are to be distributed to retail pharmacies and other outlets. This approach requires states to request federal certification to assure pharmaceuticals manufactured outside of the U.S. are safe and clinically effective. In 2018, Vermont was the first state to pass legislation regarding wholesale pharmaceutical importation from Canada.

House Bill 2689-A establishes a state-administered wholesale drug importation program managed by the Oregon Health Authority.