

HB 2678 A STAFF MEASURE SUMMARY

House Committee On Health Care

Action Date: 04/09/19

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

Vote: 9-1-1-0

Yeas: 9 - Alonso Leon, Greenlick, Hayden, Keny-Guyer, Mitchell, Noble, Nosse, Prusak, Salinas

Nays: 1 - Drazan

Exc: 1 - Boles

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 2/21, 4/9

WHAT THE MEASURE DOES:

Authorizes the Oregon Health Authority (OHA) to utilize prior authorization for prescription drugs, except mental health drugs, that are not listed on the Practitioner-Managed Prescription Drug Plan and are reimbursed by Medicaid on a fee-for-service basis. Allows OHA to adopt and maintain a preferred drug list (PDL) for prescription drugs reimbursed on a fee-for-service basis and a partially aligned PDL for prescription drugs reimbursed through a coordinated care organization's (CCO) global budget. Specifies that PDLs and partially aligned PDLs are to: improve the health of medical assistance recipients, simplify prescribing, ensure consistent prescribing practices, reduce costs, and have minimal disruptive effect on enrollees. Provides appeal process for denial of coverage of a prescription drug by health care professionals, CCOs, or OHA. Requires OHA to update the partially aligned PDL regularly with CCOs through a collaborative process.

ISSUES DISCUSSED:

- Preferred drug list (PDL) in the Oregon Health Plan (OHP) for open-card members and ability to use prior authorization
- Ability of drugs on a PDL to receive additional federal rebates, promote utilization of lower-cost drugs, and not require prior authorization
- Preservation of the carve-out for mental health drugs in Medicaid
- Alignment of PDLs in OHP fee-for-service and coordinated care organizations (CCOs); potential savings with a focus on specific therapeutic drug classes, not all drug classes (i.e., partially aligned drug list)
- Statewide single preferred drug list compared to a partially aligned drug list in Medicaid
- Potential disruption for enrollees taking approved, prescribed medications with the creation of partially aligned drug list in OHP; particularly for members who transition among CCOs
- Clinician's ability to prescribe medications based on medical necessity regardless of PDLs and prior authorization
- Proposed amendments; restoring provider prevailing authority for prescribing medications, extending the carve-out for mental health drugs through 2026

EFFECT OF AMENDMENT:

Authorizes the Oregon Health Authority (OHA) to utilize prior authorization for prescription drugs, except mental health drugs, that are not listed on the Practitioner-Managed Prescription Drug Plan and are reimbursed by Medicaid on a fee-for-service basis. Allows OHA to adopt and maintain a preferred drug list for prescription drugs reimbursed on a fee-for-service basis and a partially aligned preferred drug list for prescription drugs reimbursed through a coordinated care organization's (CCO) global budget. Specifies that preferred and partially aligned preferred drug lists are to: improve the health of medical assistance recipients, simplify prescribing, ensure

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consistent prescribing practices, reduce costs, and have minimal disruptive effect on enrollees. Allows an enrollee to appeal denial of coverage of a prescription drug by health care professionals, CCOs, or OHA. Requires OHA to update the partially aligned preferred drug list regularly with CCOs through a collaborative process. Removes sunset.

BACKGROUND:

States have passed and continue to explore legislation and policies to control spending on prescription drugs in Medicaid programs, to assist enrollees with drug expenses. An example is the use of formularies or preferred drug lists (PDLs). Medicaid managed-care organizations normally require that enrollees use prescription drugs from a formulary or PDL, which limits choices to preferred cost-effective drugs within various “families” of drugs for different conditions (therapeutic class). Drugs on the list usually require a co-pay from the enrollee, and a higher co-pay for a drug that is not on the list (Oregon Medicaid has no co-pays compared to commercial health plans). The list may be multi-tiered, meaning that the lowest co-pay amount may be for generic drugs, the next highest co-pay for brand-name drugs on the list, and the highest co-pays for brand-name drugs that are not on the list. Some programs require prior authorization before a drug that is not on the list can be dispensed, which means the prescriber must receive approval from the program that is paying for the drug before the patient's prescription can be filled.

Oregon’s Practitioner-Managed Prescription Drug Plan (PMPDP) requires the state’s Medicaid plan, the Oregon Health Plan (OHP), to maintain a list of the most cost-effective drugs to prescribe for fee-for-service enrollees (i.e., open-card OHP patients). This list is OHP's PDL.

House Bill 2678-A allows the Oregon Health Authority (OHA) to utilize prior authorization for prescription drugs, maintain a PDL for fee-for-service members, and create a partially aligned PDL for members enrolled in CCOs.