

**HB 2185 B STAFF MEASURE SUMMARY****Carrier:** Sen. Monnes Anderson**Senate Committee On Health Care****Action Date:** 05/22/19**Action:** Do pass with amendments to the A-Eng bill. (Printed B-Eng.)**Vote:** 5-0-0-0**Yeas:** 5 - Beyer, Fagan, Knopp, Linthicum, Monnes Anderson**Fiscal:** Has minimal fiscal impact**Revenue:** No revenue impact**Prepared By:** Brian Nieubuurt, LPRO Analyst**Meeting Dates:** 4/22, 5/8, 5/20, 5/22**WHAT THE MEASURE DOES:**

Prohibits pharmacy benefit managers (PBMs) from requiring an enrollee to fill or refill prescriptions at a mail order pharmacy. Allows PBMs to require enrollees to fill or refill prescriptions for specialty drugs at a specialty pharmacy. Requires PBMs to allow enrollees residing in a long term care facility to fill or refill a prescription at a contracted pharmacy. Except for specialty drugs, requires PBMs to allow network pharmacies to mail, ship, or deliver prescription drug to its patients. Specifies that PBMs are not required to reimburse delivery fees for drugs mailed, shipped, or delivered by network pharmacies. Prohibits PBMs from penalizing a network pharmacy for informing enrollees about the difference between the out-of-pocket cost of a drug and pharmacy's retail price. Defines "enrollee," "health care service contract," "mail order pharmacy," "pharmacy benefit," "specialty drug," "specialty pharmacy," "generally available for purchase," and "similarly situated pharmacies." Specifies materials and information PBMs must supply to pharmacies relating to setting of maximum allowable cost. Prohibits PBMs from reimbursing a 340B pharmacy at a rate that is lower than the rate paid to other network pharmacies. Prohibits PBMs from retroactively denying or reducing a claim for reimbursement with specified exceptions. Specifies appeal process by network pharmacies of PBM reimbursements.

**ISSUES DISCUSSED:**

- Impact of PBM restrictions on pharmacies and consumers
- Direct and indirect remuneration (DIR) fee history and practice
- Current lack of ability to enforce requirement that PBMs reimburse pharmacies at acquisition cost
- Mail order pharmacy efficiencies and use
- Speciality pharmacy accreditation requirements and process

**EFFECT OF AMENDMENT:**

Replaces the measure.

**BACKGROUND:**

Pharmacy benefit managers (PBMs) are intermediaries between health insurers, pharmacies, wholesalers, and manufacturers. Most health insurers contract with PBMs to provide third-party administrative services for insurer's pharmacy benefit, with the goal of cost-containment. PBM services can include claims processing, formulary, and benefit design (tiers, utilization management, cost-sharing), pharmacy network contracting, and rebate negotiation with manufacturers. Additional services PBMs provide include administration of mail order or specialty pharmacy services. Insurers can choose if and what services they contract with PBMs to perform on their behalf. In Oregon, 55 PBMs are currently registered with the Department of Consumer and Business Services.

House Bill 2185-B establishes new restrictions on pharmacy benefit managers in Oregon.