

HB 2185 C STAFF MEASURE SUMMARY**Carrier:** Sen. Monnes Anderson**Senate Committee On Rules****Action Date:** 06/10/19**Action:** Do pass with amendments to the B-Eng bill. (Printed C-Eng.)**Vote:** 3-0-2-0**Yeas:** 3 - Baertschiger Jr, Burdick, Dembrow**Exc:** 2 - Boquist, Roblan**Fiscal:** Fiscal impact issued**Revenue:** No revenue impact**Prepared By:** Josh Nasbe, Counsel**Meeting Dates:** 6/10**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 reimburse the cost of a specialty drug that is filled or refilled at a long term care pharmacy. Requires PBMs to allow network pharmacies to mail, ship, or deliver prescription drugs to their patients as an ancillary service. Specifies that PBMs are not required to reimburse delivery fees for drugs mailed, shipped, or delivered by network pharmacies. Prohibits PBMs from requiring a patient signature as proof of delivery of a mailed or shipped drug if the pharmacy otherwise tracks shipping or delivery and is responsible for the cost of delivering the replacement of a drug that was mailed or shipped but not received by the enrollee. Prohibits PBMs from penalizing a network pharmacy for informing enrollees about the difference between the out-of-pocket cost of a drug and the pharmacy's retail price. Defines "enrollee," "long term care pharmacy," "mail order pharmacy," "pharmacy benefit," "specialty drug," "specialty pharmacy," and "generally available for purchase." Specifies materials and information PBMs must supply to pharmacies relating to setting of maximum allowable cost. Prohibits PBMs from reimbursing a 340B pharmacy differently than other network pharmacies based on 340B status. Prohibits PBMs from retroactively denying or reducing a claim for reimbursement with specified exceptions. Specifies appeal process by network pharmacies of PBM reimbursements. Authorizes the Department of Consumer and Business Services to adopt rules. Applies to pharmacy benefits and to contracts between pharmacies or pharmacists and pharmacy benefit managers entered into, renewed or extended on or after January 1, 2021.

ISSUES DISCUSSED:

- Role of pharmacy benefit managers
- Benefits to patients
- Drugs that are not generally available for purchase
- Information in the possession of pharmacy benefit managers

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

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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-C establishes new restrictions on pharmacy benefit managers in Oregon.