

HOUSE AMENDMENTS TO HOUSE BILL 2689

By COMMITTEE ON HEALTH CARE

April 12

1 On page 1 of the printed bill, line 2, after “413.032” insert “and 414.312”.

2 After line 3, insert:

3 “Whereas United States citizens pay some of the highest prices for prescription drugs in the
4 world, and the Canadian government estimated that U.S. consumers pay twice as much as Canadians
5 for patented prescription drugs and 20 percent more for generics; and

6 “Whereas under the discretion of the United States Food and Drug Administration not to en-
7 force the law, individual patients may import a 90-day supply of prescription drugs from Canada that
8 are less expensive than drugs approved by the Food and Drug Administration; and

9 “Whereas individual importation via the Internet increases consumer health and safety risks
10 because many Internet pharmacies are not licensed in Canada and it is difficult to verify the valid-
11 ity, reputation, actual identity and pharmacy practices of foreign online pharmacies; and

12 “Whereas the United States allows patients to go to other countries for surgeries and other
13 high-risk medical treatments without regulating that consumer purchasing activity, and insurers
14 sometimes facilitate and pay for foreign treatments; and

15 “Whereas the Food and Drug Administration estimates that currently 40 percent of finished
16 prescription drug products are produced outside the United States and 80 percent of raw product
17 for U.S. pharmaceutical manufacturing comes from outside the United States; and

18 “Whereas the Food and Drug Administration has just signed reciprocity agreements with
19 European Union regulators to accept the results of European Union inspections of pharmaceutical
20 manufacturing plants, and the Food and Drug Administration has had a Memorandum of Under-
21 standing for regulatory cooperation around pharmaceuticals with the Canadian regulatory authori-
22 ties since 1973; and

23 “Whereas Canada has a rigorous regulatory system to license prescription drugs that is con-
24 sidered to be on par with the U.S. approval system; and

25 “Whereas Title II of the federal Drug Quality and Security Act (P.L. 113-54), Drug Supply Chain
26 Security, has resulted in improvements in drug security and safety through a system of pharmaceu-
27 tical track and trace that can be leveraged for safe importation; and

28 “Whereas the United States Secretary of Health and Human Services may certify a prescription
29 drug reimportation program that is safe and saves consumers money; and

30 “Whereas Oregon can ensure that wholesale importation of prescription drugs from Canada into
31 Oregon will be safe and cost-saving for Oregon consumers; and

32 “Whereas directing the State Board of Pharmacy to implement a wholesale drug importation
33 program for the exclusive benefit of residents of Oregon benefits all Oregonians; now, therefore,”.

34 In line 5, after “with” insert “the State Board of Pharmacy,”.

35 On page 3, line 5, delete the second comma and insert a colon and begin a new paragraph and

1 insert "(a)".

2 In line 6, delete the period and insert “;

3 “(b) An estimate of the annual cost of the program; and

4 “(c) An estimate of the annual cost savings to Oregon consumers as a result of the program.”.

5 Delete lines 7 and 8 and insert:

6 “(2) If the report described in subsection (1) of this section estimates cost savings to Oregon
7 consumers from the program, no later than six months after submitting the report, the au-”.

8 On page 5, after line 13, insert:

9 “**SECTION 10.** ORS 414.312 is amended to read:

10 “414.312. (1) As used in ORS 414.312 to 414.318:

11 “(a) ‘Pharmacy benefit manager’ means an entity that negotiates and executes contracts with
12 pharmacies, manages preferred drug lists, negotiates rebates with prescription drug manufacturers
13 and serves as an intermediary between the Oregon Prescription Drug Program, prescription drug
14 manufacturers and pharmacies.

15 “(b) ‘Prescription drug claims processor’ means an entity that processes and pays prescription
16 drug claims, adjudicates pharmacy claims, transmits prescription drug prices and claims data be-
17 tween pharmacies and the Oregon Prescription Drug Program and processes related payments to
18 pharmacies.

19 “(c) ‘Program price’ means the reimbursement rates and prescription drug prices established by
20 the administrator of the Oregon Prescription Drug Program.

21 “(2) The Oregon Prescription Drug Program is established in the Oregon Health Authority. The
22 purpose of the program is to:

23 “(a) Purchase prescription drugs, replenish prescription drugs dispensed or reimburse pharma-
24 cies for prescription drugs in order to receive discounted prices and rebates;

25 “(b) Make prescription drugs available at the lowest possible cost to participants in the program
26 as a means to promote health;

27 “(c) Maintain a list of prescription drugs recommended as the most effective prescription drugs
28 available at the best possible prices; and

29 “(d) Promote health through the purchase and provision of discount prescription drugs and co-
30 ordination of comprehensive prescription benefit services for eligible entities and members.

31 “(3) The Director of the Oregon Health Authority shall appoint an administrator of the Oregon
32 Prescription Drug Program. The administrator may:

33 “(a) Negotiate price discounts and rebates on prescription drugs with prescription drug man-
34 ufacturers or group purchasing organizations;

35 “(b) Purchase prescription drugs on behalf of individuals and entities that participate in the
36 program;

37 “(c) Contract with a prescription drug claims processor to adjudicate pharmacy claims and
38 transmit program prices to pharmacies;

39 “(d) Determine program prices and reimburse or replenish pharmacies for prescription drugs
40 dispensed or transferred;

41 “(e) Adopt and implement a preferred drug list for the program;

42 “(f) Develop a system for allocating and distributing the operational costs of the program and
43 any rebates obtained to participants of the program; and

44 “(g) Cooperate with other states or regional consortia in the bulk purchase of prescription
45 drugs.

1 “(4) The following individuals or entities may participate in the program:
2 “(a) Public Employees’ Benefit Board, Oregon Educators Benefit Board and Public Employees
3 Retirement System;
4 “(b) Local governments as defined in ORS 174.116 and special government bodies as defined in
5 ORS 174.117 that directly or indirectly purchase prescription drugs;
6 “(c) Oregon Health and Science University established under ORS 353.020;
7 “(d) State agencies that directly or indirectly purchase prescription drugs, including agencies
8 that dispense prescription drugs directly to persons in state-operated facilities;
9 “(e) Residents of this state who lack or are underinsured for prescription drug coverage;
10 “(f) Private entities; and
11 “(g) Labor organizations.
12 “(5) The administrator may establish different program prices for pharmacies in rural areas to
13 maintain statewide access to the program.
14 “(6) The administrator may establish the terms and conditions for a pharmacy to enroll in the
15 program. A licensed pharmacy that is willing to accept the terms and conditions established by the
16 administrator may apply to enroll in the program.
17 “(7) [*Except as provided in subsection (8) of this section,*] The administrator may not[:]
18 “[(a) *Contract with a pharmacy benefit manager;*]
19 “[(b) *Establish a state-managed wholesale or retail drug distribution or dispensing system; or*]
20 “[(c)] require pharmacies to maintain or allocate separate inventories for prescription drugs
21 dispensed through the program, **except as necessary to enter into or carry out an agreement**
22 **for the bulk purchasing of prescription drugs.**
23 “(8) The administrator shall contract with one or more entities to perform any of the functions
24 of the program, including but not limited to:
25 “(a) Contracting with a pharmacy benefit manager and directly or indirectly with such pharmacy
26 networks as the administrator considers necessary to maintain statewide access to the program.
27 “(b) Negotiating with prescription drug manufacturers on behalf of the administrator.
28 “(9) Notwithstanding subsection (4)(e) of this section, individuals who are eligible for Medicare
29 Part D prescription drug coverage may participate in the program.
30 “(10) The program may contract with vendors as necessary to utilize discount purchasing pro-
31 grams, including but not limited to group purchasing organizations established to meet the criteria
32 of the Nonprofit Institutions Act, 15 U.S.C. 13c, or that are exempt under the Robinson-Patman Act,
33 15 U.S.C. 13.”.
34 In line 14, delete “10” and insert “11”.
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