A-Engrossed

House Bill 3397

Ordered by the House April 16
Including House Amendments dated April 16

Sponsored by Representative HAYDEN; Representatives KENY-GUYER, PRUSAK

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor’s brief statement of the essential features of the measure.

Requires Oregon Health Authority to [contract with person] enter into agreement with third party to be purchasing agent to assist authority in purchasing prescription drugs for medical assistance recipients. Establishes Oregon Medicaid Purchasing Cooperative to advise authority, purchasing agent and, with respect to purchasing drugs, Practitioner-Managed Prescription Drug Plan. Requires authority [, advised by cooperative,] to develop and issue request for proposals for purchasing agent and to be advised by cooperative in selecting purchasing agent. Declares emergency, effective on passage.

A BILL FOR AN ACT

Relating to prescription drugs; creating new provisions; amending ORS 414.326; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Sections 2 and 3 of this 2019 Act are added to and made a part of ORS chapter 414.

SECTION 2. (1) As used in this section, “lowest cost” means the lowest net cost after rebates are subtracted.

(2) The Oregon Health Authority shall take all steps necessary, including entering into a memorandum of understanding or other agreement with a third party to assist the authority by acting as a purchasing agent, to ensure that the authority pays the lowest cost for any prescription drug purchased for recipients of medical assistance in this state including:

(a) Members of coordinated care organizations;

(b) Recipients of medical assistance whose costs are paid on a fee-for-service basis; and

(c) Elderly or disabled recipients of medical assistance who are served by the Department of Human Services.

(3) The authority shall report to the Legislative Assembly each year in the manner provided in ORS 192.245:

(a) On the activities of the Pharmacy and Therapeutics Committee established in ORS 414.353 and the Oregon Medicaid Purchasing Cooperative established in section 3 of this 2019 Act;

(b) On rebates that were collected and the savings to the state attributable to the rebates; and

(c) The results of the alignment of the preferred drug list for medical assistance recipi-
ents enrolled in coordinated care organizations with the preferred drug list for medical assistance recipients who are not enrolled in coordinated care organizations.

SECTION 3. (1) The Oregon Medicaid Purchasing Cooperative is established as an advisory committee to the Oregon Health Authority, the purchasing agent described in section 2 of this 2019 Act and the Pharmacy and Therapeutics Committee established under ORS 414.353, for the purpose of:

(a) Advising the Pharmacy and Therapeutics Committee and the authority regarding the Practitioner-Managed Prescription Drug Plan;
(b) Identifying opportunities to lower costs in purchasing prescription drugs;
(c) Identifying opportunities to leverage rebates; and
(d) Taking other approaches to achieve the best value for this state by purchasing prescription drugs at the lowest cost.

(2) The cooperative consists of the following members appointed by the Director of the Oregon Health Authority:
(a) A representative of each coordinated care organization that contracts with the authority;
(b) An individual representing the authority;
(c) An individual from an organization that advocates on behalf of medical assistance recipients; and
(d) One or more individuals representing health care providers other than hospitals.

(3) The term of office of each member of the cooperative is four years, but a member serves at the pleasure of the director. Before the expiration of the term of a member, the director shall appoint a successor. A member is eligible for reappointment. If there is a vacancy for any cause, the director shall make an appointment to become immediately effective for the unexpired term.

(4) The cooperative shall select one of its members as chairperson and another as vice chairperson, for such terms and with duties and powers necessary for the performance of the functions of the offices as the cooperative determines.

(5) A majority of the members of the cooperative constitutes a quorum for the transaction of business.

(6) The members of the cooperative are not entitled to compensation or reimbursement for expenses and serve as volunteers on the cooperative.

(7) The authority shall provide staff support to the cooperative and shall be responsible for responding to requests for public records regarding the cooperative.

(8) The costs of the cooperative shall be paid from funds in the Oregon Health Authority Fund established in ORS 413.101.

(9) The cooperative is a public body for purposes of ORS 192.311 to 192.478 and 192.610 to 192.690, and all of the activities of the cooperative must be recorded and the records retained for at least seven years. However, the cooperative may meet in executive session for the purposes described in ORS 414.356.

SECTION 4. (1) The Director of the Oregon Health Authority shall appoint all members of the Oregon Medicaid Purchasing Cooperative established in section 3 of this 2019 Act no later than January 1, 2020.

(2) The Oregon Health Authority shall take all necessary steps to carry out section 2 of this 2019 Act no later than January 1, 2021.
(3) The cooperative shall advise the authority in the selection of the purchasing agent described in section 2 of this 2019 Act.

SECTION 5. ORS 414.326 is amended to read:

414.326. (1) The Oregon Health Authority, with the assistance of the purchasing agent described in section 2 of this 2019 Act, shall negotiate and enter into agreements with pharmaceutical manufacturers for supplemental rebates that are in addition to the discount required under federal law to participate in the medical assistance program.

(2) The authority and the purchasing agent may participate in a multistate prescription drug purchasing pool for the purpose of negotiating supplemental rebates.

(3) ORS 414.325 and 414.334 apply to prescription drugs purchased for the medical assistance program under this section.

SECTION 6. This 2019 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2019 Act takes effect on its passage.