

House Bill 3397

Sponsored by Representative HAYDEN

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 **as introduced**.

Requires Oregon Health Authority to contract with person 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.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to prescription drugs; creating new provisions; amending ORS 414.326; and declaring an
3 emergency.

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

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

7 **SECTION 2. (1) As used in this section, "lowest cost" means the lowest net cost after**
8 **rebates are subtracted.**

9 **(2) The Oregon Health Authority shall take all steps necessary, including contracting**
10 **with a person to assist the authority by acting as a purchasing agent, to ensure that the**
11 **authority pays the lowest cost for any prescription drug purchased for recipients of medical**
12 **assistance in this state including:**

13 **(a) Members of coordinated care organizations;**

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

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

17 **(3) The purchasing agent shall be overseen and advised by the Oregon Medicaid Pur-**
18 **chasing Cooperative established in section 3 of this 2019 Act.**

19 **(4) The authority shall specify performance measures for the purchasing agent and**
20 **specify data that the purchasing agent must track and report to the authority to evaluate**
21 **cost savings and drug utilization.**

22 **(5) The authority shall report to the Legislative Assembly each year in the manner pro-**
23 **vided in ORS 192.245:**

24 **(a) On the activities of the Pharmacy and Therapeutics Committee established in ORS**
25 **414.353 and the cooperative;**

26 **(b) On rebates that were collected and the savings to the state attributable to the re-**
27 **bates; and**

28 **(c) The results of the alignment of the preferred drug list for medical assistance recipi-**
29 **ents enrolled in coordinated care organizations with the preferred drug list for medical as-**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 assistance recipients who are not enrolled in coordinated care organizations.

2 **SECTION 3.** (1) The Oregon Medicaid Purchasing Cooperative is established to advise the
 3 Oregon Health Authority, the purchasing agent described in section 2 of this 2019 Act and
 4 the Pharmacy and Therapeutics Committee established under ORS 414.353, for purposes of
 5 the Practitioner-Managed Prescription Drug Plan, on opportunities in purchasing pre-
 6 scription drugs and in leveraging rebates to achieve the best value for this state.

7 (2) The cooperative shall also collaborate with the prescription monitoring program es-
 8 tablished under ORS 431A.855 to improve accountability and ensure that the dispensing of
 9 prescription drugs, particularly opioids and other narcotic prescription drugs, is being closely
 10 monitored and is coordinated with the dispensing of prescription drugs in the medical as-
 11 sistance program. For this purpose, the cooperative shall have access to program data from
 12 the prescription monitoring program.

13 (3) The cooperative consists of the following members appointed by the Director of the
 14 Oregon Health Authority:

- 15 (a) A representative of each coordinated care organization that contracts with the au-
 16 thority;
- 17 (b) An individual representing the authority;
- 18 (c) A medical assistance recipient; and
- 19 (d) An individual representing a hospital.

20 (4) The term of office of each member of the cooperative is four years, but a member
 21 serves at the pleasure of the director. Before the expiration of the term of a member, the
 22 director shall appoint a successor. A member is eligible for reappointment. If there is a va-
 23 cancy for any cause, the director shall make an appointment to become immediately effective
 24 for the unexpired term.

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

28 (6) A majority of the members of the cooperative constitutes a quorum for the trans-
 29 action of business.

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

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

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

36 (10) The cooperative is a public body for purposes of ORS 192.311 to 192.478 and 192.610
 37 to 192.690, and all of the activities of the cooperative must be recorded and the records re-
 38 tained for at least seven years.

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

42 (2) The Oregon Health Authority shall take all necessary steps to carry out section 2 of
 43 this 2019 Act no later than January 1, 2021.

44 (3) The cooperative shall advise the authority in the development of a request for pro-
 45 posals for, and in the selection of, the purchasing agent described in section 2 of this 2019

1 **Act.**

2 **SECTION 5.** ORS 414.326 is amended to read:

3 414.326. (1) The Oregon Health Authority, **with the assistance of the purchasing agent de-**
4 **scribed in section 2 of this 2019 Act**, shall negotiate and enter into agreements with pharmaceu-
5 tical manufacturers for supplemental rebates that are in addition to the discount required under
6 federal law to participate in the medical assistance program.

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

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

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

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