

Legislative Fiscal Office

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Joint Committee on Ways and Means

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To: Human Services Subcommittee

From: Ben Ruef, Legislative Fiscal Office

Date: June 16, 2021

Subject: SB 844 – Relating to the establishment of the Prescription Drug Affordability Board
Work Session Recommendations

SB 844 establishes the Prescription Drug Affordability Board in the Department of Consumer and Business Services (DCBS). The Board is to protect Oregonians, government entities, commercial health plans, health care providers, pharmacies, and other stakeholders within the health care system from the high cost of prescription drugs. DCBS is to appoint an executive director for the board, may employ consultants, investigators or other staff, and is to provide staff support necessary to the Board to carry out its duties.

The Board is directed to identify and conduct affordability reviews for prescription drug products using certain criteria. The Board may establish upper payment limits for a drug if has led or will lead to an affordability challenge for health systems or patients, or to health inequities for communities of color. The Board is to report to the interim committees of the Legislative Assembly related to health no later than December 31 of each year on price trends, products reviewed, and recommendations to make prescription drugs more affordable. The Board is also to conduct an annual study on the operation of the U.S. market for generic drugs and report their findings to the Legislative Assembly no later than June 1 of each year.

This measure also establishes the Prescription Drug Affordability Stakeholder Council to provide input to the Prescription Drug Affordability Board. The Council includes 26 members who may receive reimbursement for travel and other expenses.

The Board is to be financial solvent through an assessed fee paid for by the prescription drug manufacturers. Fee moneys are to be deposited in the Prescription Drug Affordability Account, a newly established subaccount in the Consumer and Business Services Fund. Startup costs will require a General Fund appropriation and the Board is to reimburse this money without interest when sufficient fee revenue is available, but no later than June 30, 2023.

The financial impact of this measure is \$1,786,192 of General Fund with 6 positions (5.26 FTE). The financial impact does not change with the amendment.

The -A9 amendment adds:

- Guidance on roles and responsibilities of DCBS and Board specifically on research and reporting both internally and externally; and
- General Fund appropriation of \$1,786,192 for startup costs in the 2021-23 biennium.

Recommended Changes

LFO recommends adoption of the -A9 amendment.

Final Subcommittee Action

LFO recommends that SB 844, as amended by the -A9 amendment, to be moved to the Ways and Means Full Committee.

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____