

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 848 - A**81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***Prepared by: Haylee Morse-Miller
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Date: April 9, 2021**Measure Description:**

Establishes Office of Pharmaceutical Purchasing in Oregon Health Authority and specifies duties.

Government Unit(s) Affected:

Department of Corrections (DOC), Oregon Health Authority (OHA), Oregon Board of Pharmacy (OBOP), Oregon Youth Authority (OYA)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2021-23 Biennium	2023-25 Biennium
General Fund	\$791,451	\$1,041,737
Other Funds	-56,410	-75,215
Federal Funds	-7,673	-12,164
Total Funds	\$727,368	\$954,358
Positions	4	4
FTE	3.00	4.00

Analysis:

SB 848 - A establishes the Office of Pharmaceutical Purchasing in the Oregon Health Authority (OHA). The Office is to support multiagency and multistate collaborative purchasing of pharmaceuticals to decrease the cost of prescription drugs for Oregonians. The Office is directed to purchase prescription drugs in order to receive discounted prices; to make drugs available at the lowest possible cost to participants; to maintain a list of drugs recommended as the most effective at the best possible prices; and to promote health by providing discount prescription drugs and coordinating prescription benefit services. The Office of Pharmaceutical Purchasing will administer the already established Oregon Prescription Drug Program (OPDP), and funds from the existing Prescription Drug Purchasing Fund are available to the Office of Pharmaceutical Purchasing. The Office may charge a fee for participation in the OPDP or the prescription drug purchasing consortium.

This measure also amends ORS 414.325, which relates to prescription drug coverage in medical assistance programs. This measure requires prior authorization from OHA before non-generic drugs are dispensed, and for certain drugs as determined by OHA by rule. OHA is authorized to withhold payment for a legend drug that is prescribed to treat a health condition that is not a funded health condition on the prioritized list of health services maintained by the Health Evidence Review Commission. OHA must approve prior authorization requests under certain circumstances. OHA is directed to collaborate with coordinated care organizations (CCOs) to evaluate prescription drug purchasing, and may not require a CCO to adhere to a single or partially aligned preferred drug list.

This measure does not have an effective date and is assumed to take effect on January 1, 2022.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for further consideration of its budgetary impact.

Oregon Health Authority

OHA currently administers the Oregon Prescription Drug Program. Under this measure, OHA would shift existing staff and funding in order to administer this program. This includes:

- Shift the OPDP Director, a Principal Executive Manager G, from a fund split of half General Fund and half Federal Funds, to 75 percent General Fund and 25 percent Federal Funds, to allow the director to lead non-Medicaid pharmacy work associated with the requirements of the bill; and,
- Reclassify the OPDP Operations Manager from an Operations and Policy Analyst 3 to an Operations and Policy Analyst 4 given the broader responsibilities the position would have, and shift from 100 percent Other Funds to 25 percent General Fund and 75 percent Other Funds. Current Other Funds revenue is insufficient to fully support this position.

OHA would also establish the following four full-time, permanent positions (each 0.75 FTE in 2021-23, and 1.00 FTE in 2023-25):

- One Administrative Specialist 2 to support pharmacy benefit administration and policy development;
- One Operations and Policy Analyst 4 to support multi-agency and multi-state policy and programs;
- One Operations and Policy Analyst 3 to support contract administration and to assist with policy and program operations; and,
- One Operations and Policy Analyst 2 to support daily operations.

The total costs of these positions, including position-related Services and Supplies, are estimated at \$791,451 General Fund in 2021-23, and \$1,041,737 General Fund in 2023-25, as well as some reductions in Other Funds and Federal Funds expenditure limitation which are captured in the table above.

This measure is also included in OHA's 2021-23 agency budget in Policy Option Package 436 (Pharmacy Omnibus). Due to the January 1, 2022 effective date of this measure, costs included in this fiscal do not align with this Package. The effective date of the measure means that all positions are priced for 18 months in this fiscal impact statement, while the Policy Option Package assumes 21 months of impact, as well as fund shifts for the existing OPDP positions for a full 24 months.

OHA notes that it will be difficult to enact this measure by the January 1, 2022 effective date unless positions can be hired before that date. Hiring the new positions in October 2021 (21 months of impact) would increase costs under this measure by \$147,811 General Fund.

Other state agencies

There is no fiscal impact for the Department of Corrections, Oregon Youth Authority, or the Oregon Board of Pharmacy.