



PDAB Upper Payment Limit Report 2024 Pursuant to Senate Bill 192 (2023)

Executive summary

This report, prepared by the Oregon Prescription Drug Affordability Board (PDAB) with support from consultants at Myers and Stauffer and Horvath Health Policy, serves as the final deliverable related to Senate Bill 192 and outlines a structured methodology and current insights for considering Upper Payment Limits (UPLs) to address prescription drug affordability in Oregon. The directive from SB 192 requires the Oregon PDAB to develop a plan for implementing UPLs that promotes affordability while ensuring patient access and financial sustainability within Oregon’s healthcare system. To meet this requirement, Oregon’s PDAB engaged a broad spectrum of healthcare stakeholders and examined affordability models used by PDABs in other states, offering a toolkit for the Oregon Legislature to consider both the potential and complexities of UPLs.

Key stakeholder insights on UPL feasibility

Throughout the outreach process, stakeholders—including 340B covered entities, carriers, hospitals, pharmaceutical manufacturers, prescription benefit managers, pharmacies and patient advocacy groups — supported efforts to reduce prescription drug costs but identified specific concerns related to the feasibility of implementing UPLs and the likeliness of cost-savings. Notably, stakeholders emphasized the importance of maintaining fair reimbursement structures and safeguarding patient access, with concerns that UPLs may impact the availability of certain medications if drug manufacturers find price limits unsustainable. In the Constituent Group Engagement Report prepared for the PDAB board by consultants Myers and Stauffer¹, “more than half of respondents did not believe a UPL would result in cost savings, with many expressing concerns regarding loss of revenue, decreased patient access, and increased patient costs.” Additionally, stakeholders underscored the necessity for robust implementation protocols and compliance measures across the supply chain to ensure that UPLs achieve intended cost-savings without unintended consequences.

Administrative and operational considerations

The effective implementation of UPLs requires careful administrative planning and standardized processes to support compliance and transparency across diverse healthcare providers. Experiences from other states reveal the need for a comprehensive approach to affordability reviews, with detailed drug price modeling and periodic reassessment to adapt to market conditions. PDABs in other jurisdictions have navigated challenges by implementing phased rollouts and incorporating public consultations to address concerns about operational burdens and to refine pricing methodologies, as there are currently no states with an active UPL. Oregon’s PDAB considers these insights crucial, as a structured, phased approach could provide a balanced foundation for Oregon’s UPL framework while facilitating administrative clarity and stakeholder engagement

¹ Oregon Prescription Drug Affordability Board, Constituent Group Engagement Report (Aug. 14, 2024). <https://dfr.oregon.gov/pdab/Documents/OR-PDAB-UPL-Report-Draft-20240821.pdf>.

National methodological insights for Oregon’s approach

The Oregon PDAB observed various UPL methodologies from other state-level affordability boards, with a focus on transparent data collection, affordability benchmarks, and patient cost impact assessments. A common strategy includes targeting high-cost drugs with substantial price increases, applying therapeutic class referencing, and modeling patient costs at the point of sale. Oregon’s PDAB has incorporated these insights, recognizing that such data-driven methodologies are central to a UPL model that ensures affordability while supporting provider and patient needs. Additionally, these approaches prioritize stakeholder engagement and public transparency, elements that Oregon’s PDAB recommends as essential for maintaining public trust and sustainable implementation.

This report fulfills the requirements of the board as outlined in SB 192 by presenting the Oregon Legislature with an in-depth toolkit for UPL methodology. Drawing from national trends and informed by stakeholder feedback, Oregon’s PDAB provides this framework to the Oregon legislature to support an effective, equitable approach to prescription drug affordability in Oregon.

The Prescription Drug Affordability Board encourages the Legislature to review the full Upper Payment Limit Board Report at <https://dfr.oregon.gov/pdab/Pages/upper-payment-limit-plan.aspx>.