



Oregon Prescription Drug  
Affordability Board



# Presentation to the Senate Committee on Healthcare

## 2022 PDAB recommendations to the Oregon Legislature

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# PDAB Introduction

## Purpose:

- Created under SB 844 (2021) to protect Oregonians, state and local governments, commercial health plans, health care providers, pharmacies, and others within the health care system from the high costs of prescription drugs

## Composition:

- Five members and three alternates appointed by the Governor and confirmed by the Senate
- Required background in clinical medicine or healthcare economics



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# PDAB Functions

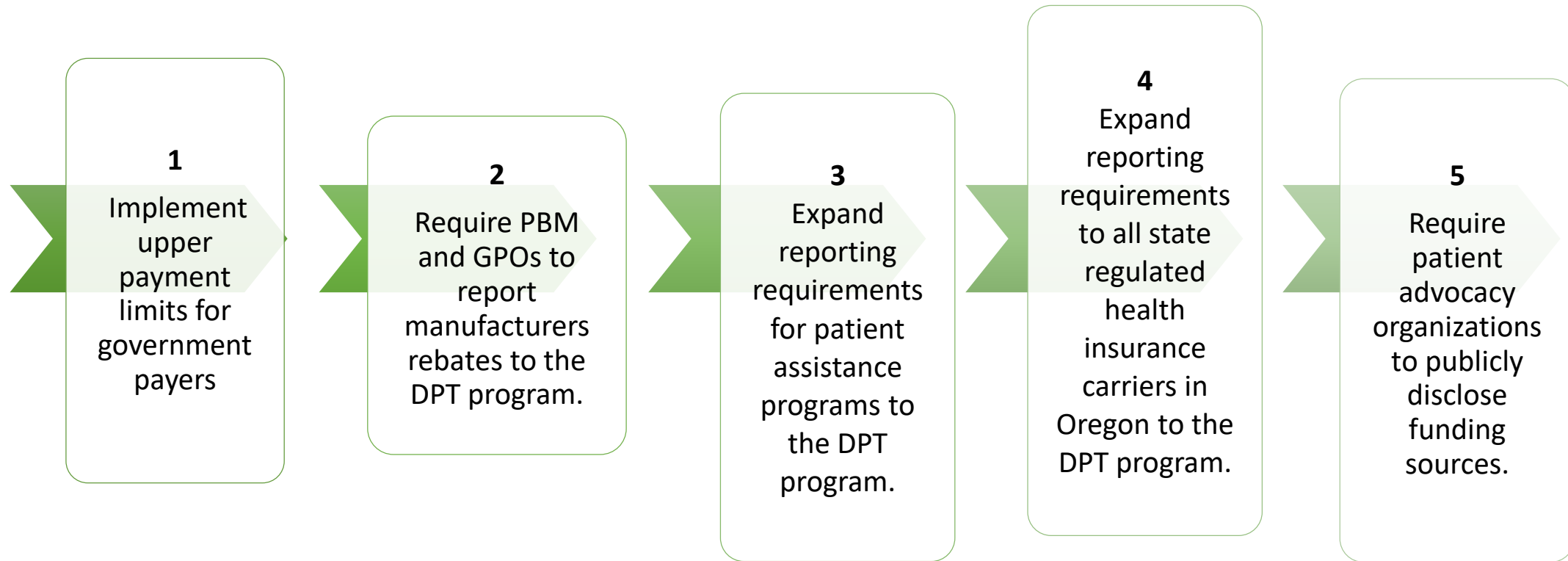
- Drug Affordability Reviews - Identify nine drugs and at least one insulin product that may create affordability challenges for health care systems or high out-of-pocket costs for patients based on criteria adopted by the board
- Studying the entire prescription drug distribution and payment system in Oregon and around the world designed to lower the list price of prescription drugs
- Make recommendations to the legislature for statutory changes



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# PDAB legislative recommendations for 2022



## 2022 Prescription Drug Affordability Board recommendations for making prescription drugs more affordable for Oregonians

PBM: pharmacy benefit managers  
GPO: group purchasing organizations  
DPT: drug price transparency



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# Recommendation #1 – Implement upper payment limits for state and local governments

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Implement  
upper  
payment  
limits for  
government  
payers

## Currently

- PDAB mandated to conduct affordability reviews to identify nine drugs and at least one insulin product it determines may create affordability challenges for the health care system or high out-of-pocket costs for patients based in the state.
- PDAB can now only track and study these rate-setting efforts in other states.
- Language granting the PDAB authority to set UPLs was removed from original legislation prior to passage.

## Recommendation

- Grant the PDAB authority to set a UPL for state and local government purchasers for drugs identified that have or will lead to affordability challenges. Purchasers include:
  - ❖ State or county correctional facilities
  - ❖ State hospitals
  - ❖ Health Clinics at state institutions of higher learning
  - ❖ Drugs paid for through a health benefit plan on behalf of a unit of state or local government
- Flexibility to amend or suspend UPL if shortages



# Recommendation #2 - Transparency in supply chain (rebates)

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Require PBM and GPOs to report manufacturers rebates to the DPT program.

## Currently

- Limited transparency in the supply chain.
- Rebates and payments influence price of drugs at the pharmacy counter and through health insurance premiums in ways unknown to regulators.

## Recommendation

- Require PBMs and group purchasing organizations (GPO), which are either used or owned by PBMs to operate rebate programs, to report aggregated rebates and other payments from manufacturers annually to the Drug Price Transparency (DPT program at DCBS) and publish online.
- Additional reporting will allow PDAB and the legislature to better understand the economic factors involved in drug pricing.
- Collect the following information from PBMs and GPOs annually;
  - ❖ The aggregated dollar amount of rebates, fees, price protection payments, and any other payments the PBM or GPO received from manufacturers related to managing pharmacy benefits for health insurance carriers issuing health benefit plans in the state
  - ❖ The aggregated dollar amount of rebates, fees, price protection payments, and any other payments the PBM or GPO received from manufacturers that were:
    - Passed to carriers issuing health benefit plans in this state
    - Passed to enrollees at the point of sale of a prescription drug in this state
    - Retained as revenue by the PBM or GPO



# Recommendation #3 - Expand reporting requirements for patient assistance programs

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Expand reporting requirements for patient assistance programs to the DPT program.

## Currently

- The DPT program's PAP reporting requirements are poorly matched to the market landscape.
- Currently, only drugs subject to price increase reporting requirements must also report PAP information.
- New-to-market drug reports do not require any PAP reporting, and most price increase reports are for generic drugs, which are extremely unlikely to maintain a PAP.

## Recommendation

- Remove the PAP reporting requirement from DPT price increase reports and require all manufacturers to report annually on all PAPs they maintain or fund.
- More comprehensive data on PAPs will provide deeper and more informed analysis to help the DPT program, the PDAB and the Legislature better understand the roles of both patient assistance and co-pay accumulators in developing future policies.



# Recommendation #4 - Expand reporting to more insurers for DPT program

## Currently

- Carriers are required to submit rate filings only if they offer individual or small group health benefit plans.
- Some commercially insured plans (those that are not self-funded) do not participate in these markets and are not required to submit drug spending reports.
- May result in an incomplete picture of health plan spending on drugs in Oregon.

## Data points collected

- Top 25 most
- Prescribed drugs
  - Highest total health plan spending
  - Greatest increase in year-over-year spending

## Currently reported data:

- Total dollars paid for drugs by insured and by insurer after rebates and other price concessions
- Dollars paid for drugs by insured and insurer after rebates, etc., on a per member, per month basis
- Dollars paid for drugs by insurer after rebates, etc., as a percent of premium collected
- Total dollars received by insurer in rebates and other price concessions
- All broken out by market and insurer

## Recommendation

Separate the rate filing and the drug spending reporting and expand the application of the required drug spending reporting to all state regulated health insurance carriers in Oregon.





# Recommendation #5 - Require patient advocacy organizations to publicly disclose funding sources

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Require patient advocacy organizations to publicly disclose funding sources.

## Currently

PDAB lacks statutory authority to require patient advocacy groups to disclose their industry funding sources for the PDAB to understand these financial ties and potential influences.

## Recommendation

Patient advocacy groups disclose their industry funding sources publicly for contribution amounts received from third parties, including:

- Manufacturers, PBMs, or other groups
- Percentage of the gross income of the organization during the immediately preceding calendar year is attributable to:
  - ❖ Payments
  - ❖ Donations
  - ❖ Subsidies
  - ❖ Other contributions from each manufacturer, third party, PBM, or group.



# Questions

