

SB 404 STAFF MEASURE SUMMARY

Senate Committee On Health Care

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Meeting Dates: 2/22

WHAT THE MEASURE DOES:

Directs the Oregon State Board of Pharmacy to study prescription drugs and to submit a report to the interim committees of the Legislative Assembly related to health care no later than September 15, 2024. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

Directs pharmacy benefit managers (PBMs) and group purchasing organizations to file an annual report with the Department of Consumer and Business Services (DCBS). The report must contain the aggregate dollar amount of rebates, fees, any other payments received by PBMs from drug manufacturers. The report must also include the aggregated dollar amounts of rebates, fees, and other payments passed on to carriers or enrollees or retained as revenue by PBMs. Directs DCBS to publish aggregated data from the reports without disclosing information to identify carriers, PBMs, or enrollees.

Directs nonprofit patient advocacy organizations to report to DCBS the amounts of payments, donations, and other contributions made by third parties, including but not limited to a drug manufacturer or PBM.

Allows the Prescription Drug Advisory Board (PDAB) to make rules to implement upper payment limits, following an affordability review process, for drugs purchased by the Oregon Health Authority, the Public Employee Benefits Board (PEBB), the Oregon Educators Benefits Board (OEBB), the Oregon State Hospital, and other public institutions. Suspends upper payment limits for drugs in short supply according to the Food and Drug Administration database. Increases seats on the Prescription Drug Advisory Board from five to eight.

BACKGROUND:

In 2018, the Legislative Assembly passed the Prescription Drug Price Transparency Act (House Bill 4005), which requires pharmaceutical manufacturers and insurers to report specified prescription drug cost and price information. In 2021, the Legislative Assembly established Oregon's Prescription Drug Affordability Board (PDAB) and directed it to review and report on the cost and affordability of different categories of prescription drugs (Senate Bill 844). Senate Bill 844 also directs the PDAB to provide recommendations for legislative changes necessary to make prescription drug products more affordable.

Among recommendations in its 2022 report, the PDAB recommends that it be granted authority to make rules that would allow it to implement upper payment limits for drugs purchased by for state and local governments ([Link](#) to PDAB's 2022 Report for the Legislature). An upper payment limit is the maximum amount that can be paid or billed for a prescription drug that is dispensed or distributed in any financial transaction concerning the purchase or reimbursement of a prescription drug. Prescription drug advisory boards in Maryland and Colorado have statutory authority to create rules to implement upper payment limits.

Along with upper payment limits, the PDAB recommends annual reporting of the aggregated dollar amount of rebates, fees, and any other payments to Pharmacy Benefit Managers, along with reporting on financial contributions received by nonprofit patient advocacy groups.

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