

HB 3013 A BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Patrick Heath, Department of Administrative Services

Reviewed By: Tom MacDonald, Legislative Fiscal Office

**Department of Consumer and Business Services
2023-25**

PRELIMINARY

Budget Summary

	2021-23 Legislatively Approved Budget	2023-25 Current Service Level	2023-25 Committee Recommendation	Committee Change from 2021-23 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ -	\$ -	\$ 1,107,679	\$ 1,107,679	100.0%
Total	\$ -	\$ -	\$ 1,107,679	\$ 1,107,679	100.0%

Position Summary

Authorized Positions	0	0	5	5
Full-time Equivalent (FTE) positions	0.00	0.00	4.40	4.40

Summary of Revenue Changes

Other Funds revenues to support the bill will come from fees on pharmacy benefit managers. Fees must be established at a level sufficient to cover the cost of the program.

Summary of Human Services Subcommittee Action

House Bill 3013 creates a requirement for a pharmacy benefit manager (PBM) transacting business in Oregon to be licensed by the Department of Consumer and Business Services (DCBS). PBMs contract with pharmacies on behalf of a health insurer, a third-party administrator, or the Oregon Prescription Drug Program to process claims for prescription drugs or medical supplies or provide retail network management for pharmacies or pharmacists, pay pharmacies or pharmacists for prescription drugs or medical supplies, and negotiate rebates with manufacturers. The bill establishes reimbursement standards for PBM payments to network pharmacies and amends pharmacy audit requirements, including reducing the look-back period for auditing a claim from 24 to 12 months. The bill also authorizes pharmacies to file a complaint with DCBS to contest the outcome of an appeal with a PBM regarding reimbursement and requires DCBS to hire at least one additional full-time employee to assist in the regulation of PBMs.

The Subcommittee recommended \$1,107,679 Other Funds expenditure limitation and five permanent full-time positions (4.40 FTE) to administer the bill. This includes the following positions: one Compliance and Regulatory Manager 2 (0.88 FTE) to oversee program implementation, legislative reporting, and to act as a subject matter expert, two Insurance Examiners (0.88 FTE each) to run the appeals process described in the bill, conduct compliance exams, and review pharmacy complaints, one Financial Enforcement Officer (0.88 FTE) to conduct investigations and enforce issues of non-compliance, and one Administrative Specialist 2 (0.88 FTE) to perform administrative and licensing

functions and to respond to requests for information. Also included is \$46,880 of funding for Attorney General costs associated with the bill, as well as position-related services and supplies costs.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Consumer and Business Services
Patrick Heath - 503-983-8670

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
SCR 018- Division of Financial Regulation									
Personal Services	\$ -	\$ -	\$ 979,793	\$ -	\$ -	\$ -	\$ 979,793	5	4.40
Services and Supplies	\$ -	\$ -	\$ 127,886	\$ -	\$ -	\$ -	\$ 127,886		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 1,107,679	\$ -	\$ -	\$ -	\$ 1,107,679	5	4.40
SUBCOMMITTEE RECOMMENDATION	\$ -	\$ -	\$ 1,107,679	\$ -	\$ -	\$ -	\$ 1,107,679	5	4.40

PRELIMINARY