

A-Engrossed
Senate Bill 329

Ordered by the Senate May 17
Including Senate Amendments dated May 17

Sponsored by Senator MORRISETTE, Representative GREENLICK

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Expands list of individuals [*and entities*] that may participate in Oregon Prescription Drug Program. **Directs administrator of program to limit enrollment of certain individuals and authorizes director to establish waiting list to accept applications of those individuals as space becomes available.**

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to Oregon Prescription Drug Program; amending ORS 414.312 and 414.314; and declaring
3 an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 414.312 is amended to read:

6 414.312. (1) As used in ORS 414.312 to 414.318:

7 (a) "Pharmacy benefit manager" means an entity that, in addition to being a prescription drug
8 claims processor, negotiates and executes contracts with pharmacies, manages preferred drug lists,
9 negotiates rebates with prescription drug manufacturers and serves as an intermediary between the
10 Oregon Prescription Drug Program, prescription drug manufacturers and pharmacies.

11 (b) "Prescription drug claims processor" means an entity that processes and pays prescription
12 drug claims, adjudicates pharmacy claims, transmits prescription drug prices and claims data be-
13 tween pharmacies and the Oregon Prescription Drug Program and processes related payments to
14 pharmacies.

15 (c) "Program price" means the reimbursement rates and prescription drug prices established by
16 the administrator of the Oregon Prescription Drug Program.

17 (2) The Oregon Prescription Drug Program is established in the Oregon Department of Admin-
18 istrative Services. The purpose of the program is to:

19 (a) Purchase prescription drugs or reimburse pharmacies for prescription drugs in order to re-
20 ceive discounted prices and rebates;

21 (b) Make prescription drugs available at the lowest possible cost to participants in the program;
22 and

23 (c) Maintain a list of prescription drugs recommended as the most effective prescription drugs
24 available at the best possible prices.

25 (3) The Director of the Oregon Department of Administrative Services shall appoint an admin-
26 istrator of the Oregon Prescription Drug Program. The administrator shall:

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (a) Negotiate price discounts and rebates on prescription drugs with prescription drug man-
2 ufacturers;

3 (b) Purchase prescription drugs on behalf of individuals and entities that participate in the
4 program;

5 (c) Contract with a prescription drug claims processor to adjudicate pharmacy claims and
6 transmit program prices to pharmacies;

7 (d) Determine program prices and reimburse pharmacies for prescription drugs;

8 (e) Adopt and implement a preferred drug list for the program;

9 (f) Develop a system for allocating and distributing the operational costs of the program and any
10 rebates obtained to participants of the program; and

11 (g) Cooperate with other states or regional consortia in the bulk purchase of prescription drugs.

12 (4) The following individuals or entities may participate in the program:

13 (a) Public Employees' Benefit Board;

14 (b) Local governments as defined in ORS 174.116 and special government bodies as defined in
15 ORS 174.117 that directly or indirectly purchase prescription drugs;

16 (c) Enrollees in the Senior Prescription Drug Assistance Program created under ORS 414.342;

17 (d) Oregon Health and Science University established under ORS 353.020;

18 (e) State agencies that directly or indirectly purchase prescription drugs, including agencies that
19 dispense prescription drugs directly to persons in state-operated facilities; *[and]*

20 (f) Residents of this state who[:]

21 *[(A) Are more than 54 years of age;]*

22 *[(B)]* have a gross annual income that does not exceed *[185]* **300** percent of the federal poverty
23 guidelines; and

24 *[(C) Have not been covered under any private prescription drug benefit program for the previous*
25 *six months.]*

26 **(g) Enrollees of health benefit plans as both terms are defined in ORS 743.730.**

27 (5) The state agency that receives federal Medicaid funds and is responsible for implementing
28 the state's medical assistance program may not participate in the program.

29 (6) The administrator may establish different reimbursement rates or prescription drug prices for
30 pharmacies in rural areas to maintain statewide access to the program.

31 (7) The administrator shall establish the terms and conditions for a pharmacy to enroll in the
32 program. A licensed pharmacy that is willing to accept the terms and conditions established by the
33 administrator may apply to enroll in the program.

34 (8) Except as provided in subsection (9) of this section, the administrator may not:

35 (a) Contract with a pharmacy benefit manager;

36 (b) Establish a state-managed wholesale or retail drug distribution or dispensing system; or

37 (c) Require pharmacies to maintain or allocate separate inventories for prescription drugs dis-
38 pensed through the program.

39 (9) The administrator shall contract with one or more entities to provide the functions of a
40 prescription drug claims processor. The administrator may also contract with a pharmacy benefit
41 manager to negotiate with prescription drug manufacturers on behalf of the administrator.

42 **SECTION 2.** ORS 414.314 is amended to read:

43 414.314. (1)**(a)** An individual or entity described in ORS 414.312 (4) may apply to participate in
44 the Oregon Prescription Drug Program. Participants shall apply annually on an application provided
45 by the Oregon Department of Administrative Services.

1 **(b)** The department may charge participants a nominal fee to participate in the program. The
2 department shall issue a prescription drug identification card annually to participants of the pro-
3 gram.

4 **(c) The administrator of the program shall limit enrollment of individuals described in**
5 **ORS 414.312 (4)(g) to a maximum enrollment of 250,000 individuals. The administrator may**
6 **establish a waiting list of individuals described in ORS 414.312 (4)(g) whose applications to**
7 **participate in the program have been declined due to closed enrollment and may periodically**
8 **open enrollment to accept applications as space becomes available.**

9 (2) The department shall provide a mechanism to calculate and transmit the program prices for
10 prescription drugs to a pharmacy. The pharmacy shall charge the participant the program price for
11 a prescription drug.

12 (3) A pharmacy may charge the participant the professional dispensing fee set by the depart-
13 ment.

14 (4) Prescription drug identification cards issued under this section must contain the information
15 necessary for proper claims adjudication or transmission of price data.

16 **SECTION 3. This 2005 Act being necessary for the immediate preservation of the public**
17 **peace, health and safety, an emergency is declared to exist, and this 2005 Act takes effect**
18 **on its passage.**

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