

**Minority Report**  
**A-Engrossed**  
**Senate Bill 329**

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

Sponsored by nonconcurring members of the Senate Committee on Human Services: Senators C STARR, KRUSE

**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. **Requires that program facilitate development of comprehensive pharmacy services in health care sites authorized under provisions of federal Public Health Service Act to participate as covered entities in outpatient discount drug pricing program.**  
**Declares emergency, effective on passage.**

**A BILL FOR AN ACT**

1  
2 Relating to Oregon Prescription Drug Program; creating new provisions; amending ORS 414.312; and  
3 declaring 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[.]; **and**

25 **(d) Increase access to prescription drugs as described in section 2 of this 2005 Act.**

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

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

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

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

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

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

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

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

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

15 (a) Public Employees' Benefit Board;

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

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

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

20 (e) State agencies that directly or indirectly purchase prescription drugs, including agencies that  
21 dispense prescription drugs directly to persons in state-operated facilities; and

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

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

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

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

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

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

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

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

36 (a) Contract with a pharmacy benefit manager;

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

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

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

43 **SECTION 2. The Oregon Prescription Drug Program shall facilitate the development of**  
44 **comprehensive pharmacy services in health care sites that are authorized by section 340B**  
45 **of the Public Health Service Act, 42 U.S.C. 256b, to participate as covered entities in the**

1 **outpatient discount drug pricing program by:**

2 **(1) Providing technical assistance to community health centers and other safety net**  
3 **providers; and**

4 **(2) Exploring pharmacy options to provide the pharmacy services described in this sec-**  
5 **tion, including but not limited to direct ordering of prescription drugs, establishing in-house**  
6 **pharmacies and contracting with community pharmacies.**

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

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