

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2689 - A

80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Requires Oregon Health Authority to design and, with federal approval, implement a program to import wholesale prescription drugs from Canada.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Department of Justice (DOJ), Oregon Board of Pharmacy (OBOP)

Summary of Fiscal Impact:

Quantifiable costs related to the measure will require budgetary action. In addition, the fiscal impact of this measure contains elements that are indeterminate, at this time - See analysis.

Summary of Expenditure Impact:

	2019-21 Biennium	2021-23 Biennium
Oregon Health Authority - General Fund		
Personal Services	736,075	736,075
Services and Supplies	219,098	119,098
Total General Fund	\$955,173	\$855,173
Positions	3	3
FTE	3.00	3.00

Analysis:

HB 2689 A-Engrossed directs the Oregon Health Authority (OHA), in consultation with the Oregon Board of Pharmacy (OBOP), stakeholders, and appropriate federal officials, to design and implement a wholesale prescription drug importation program in which OHA acts as a licensed drug wholesaler or contracts with a licensed drug wholesaler to import prescription drugs from Canada. The prescription drugs imported must be from high quality Canadian prescription drug suppliers that are subject to regulation under and are in full compliance with the laws of Canada or one or more Canadian provinces. The prescription drugs imported under this program must also meet the requirements for safety and effectiveness adopted by the United States Department of Health and Human Services and other requirements specified by the measure.

The bill contains an emergency clause and takes effect on passage. No later than 12 months after the effective date of this Act, OHA must report to the Legislature with the design and plan for the implementation of the wholesale prescription drug importation program. This report must include an estimate of the annual cost of the program and an estimate of the annual cost savings to Oregon consumers. No later than six months after submitting the report, the authority must submit a formal request to the United States Department of Health and Human Services to certify the wholesale prescription drug importation program. The wholesale prescription drug importation program must be in operation no later than six months after the United States Department of Health and Human Services certifies the program.

Oregon Health Authority (OHA)

OHA estimates the fiscal impact of conducting a feasibility study and designing a plan to implement the program to be \$955,173 General Fund and 3 positions (3.00 FTE) for the 2019-21 biennium; and \$855,173 General Fund

and 3 positions (3.00 FTE) for the 2021-23 biennium. This amount is the personal services and related services and supplies for one Operations Policy Analyst 4 position, one Pharmacy Manager 2 position, and one Administrative Specialist 2 position to work with the Oregon Prescription Drug Program (OPDP) & Pharmacy Purchasing Director and existing staff to produce the design and plan for the wholesale prescription drug importation program, including:

- Working closely with the Oregon Board of Pharmacy on regulatory issues.
- Completing a comprehensive pharmacy cost analysis to determine the potential cost savings achieved through the importation of specific drugs.
- Developing a proposal to submit to the U.S. Secretary of Health and Human Services seeking authorization for the drug wholesale importation program.
- Identifying Canadian suppliers that are in full compliance with federal and state laws.
- Contracting with eligible Canadian suppliers or facilitating contracts between eligible importers and Canadian suppliers as described in the bill.

Included in the Services and Supplies line item is \$100,000 in initial contractor costs to assist OHA in understanding Canadian laws and regulations as it relates to drug purchasing and intergovernmental agreements, connecting two differing drug taxonomies by way of a Canadian- American coding cross walk, engaging the wholesalers and government stakeholder assistance.

In addition, OHA notes that currently Oregon is part of the Northwest Prescription Drug Consortium, which currently serves the states of Oregon and Washington. The Oregon Prescription Drug Program is currently in discussions with other states to join the Consortium as well. The proposed program could impact Oregon's ability to participate in this Consortium.

Public Employees' Benefit Board (PEBB), Oregon Educators Benefit Board (OEBB)

Passage of this bill is anticipated to reduce prescription medication costs for PEBB and OEBB. However, this potential cost savings and its impact on premiums cannot be quantified until the plan for the wholesale prescription drug importation program is completed.

Department of Justice (DOJ)

The fiscal impact of this bill to DOJ is indeterminate depending on the amount general counsel support needed by OHA and the Oregon Board of Pharmacy, as well as the industry monitoring activities expected of the agency.

DOJ anticipates providing general counsel support to OHA and OBOP with the planning, contracting, licensing, and registration process of designing and implementing a wholesale prescription drug importation program. If this work cannot be absorbed within existing capacity and resources, DOJ anticipates needing one quarter-time Assistant Attorney General position. DOJ estimates this cost to be \$77,365 Other Funds and one position (0.22 FTE) for the 2019-21 biennium; and \$87,431 Other Funds and one position (0.25 FTE) for the 2021-23 biennium.

In addition, the measure requires the Attorney General, in consultation with OHA, to identify the potential for, and monitor for, anticompetitive behavior by industries affected by the wholesale prescription drug importation program. The Attorney General must report findings to OHA annually so that OHA can report to the Legislature. Because the bill does not specify the industries DOJ must monitor nor define DOJ's monitoring authorities, DOJ cannot precisely price the cost of monitor for anticompetitive behavior by industries. If monitoring these industries requires the Attorney General's investigative authority, DOJ anticipates needing one Senior Assistant Attorney General position and one Assistant Attorney General position. DOJ estimates this cost to be \$1,162,231 Other Funds and two positions (1.75 FTE) for the 2019-21 biennium; and \$1,254,865 Other Funds and two positions (2.00 FTE) for the 2021-23 biennium.

Oregon Board of Pharmacy (OBOP)

Passage of this bill is anticipated to have minimal impact on OBOP. The Board of Pharmacy will use existing staff and resources to work with OHA.