

**A-Engrossed**  
**House Bill 2679**

Ordered by the House April 11  
Including House Amendments dated April 11

Sponsored by Representative NOSSE; Representatives ALONSO LEON, DOHERTY, KENY-GUYER, PRUSAK, SMITH WARNER (Presession filed.)

**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.

Directs administrator of Oregon Prescription Drug Program to cooperate with State of California in bulk purchase of prescription drugs. Requires administrator to solicit cooperation from California no later than December 31, 2019, and to report to interim committees of Legislative Assembly by December 1 of each year, beginning in 2020, on California's response to solicitation.

Declares emergency, effective on passage.

**A BILL FOR AN ACT**

1  
2 Relating to bulk purchasing of prescription drugs; creating new provisions; amending ORS 414.312;  
3 and declaring an emergency.

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

5 **SECTION 1. (1) No later than December 31, 2019, the administrator of the Oregon Pre-**  
6 **scription Drug Program shall solicit from the appropriate authorities in the State of**  
7 **California an agreement to cooperate in the bulk purchase of prescription drugs.**

8 **(2) The administrator shall report to the interim committees of the Legislative Assembly**  
9 **related to health no later than December 1 of each year, beginning in 2020, on the status of**  
10 **the solicitation and any response received from the State of California to the solicitation.**

11 **SECTION 2.** ORS 414.312 is amended to read:

12 414.312. (1) As used in ORS 414.312 to 414.318:

13 (a) "Pharmacy benefit manager" means an entity that negotiates and executes contracts with  
14 pharmacies, manages preferred drug lists, negotiates rebates with prescription drug manufacturers  
15 and serves as an intermediary between the Oregon Prescription Drug Program, prescription drug  
16 manufacturers and pharmacies.

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

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

23 (2) The Oregon Prescription Drug Program is established in the Oregon Health Authority. The  
24 purpose of the program is to:

25 (a) Purchase prescription drugs, replenish prescription drugs dispensed or reimburse pharmacies  
26 for prescription drugs in order to receive discounted prices and rebates;

**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 (b) Make prescription drugs available at the lowest possible cost to participants in the program  
2 as a means to promote health;

3 (c) Maintain a list of prescription drugs recommended as the most effective prescription drugs  
4 available at the best possible prices; and

5 (d) Promote health through the purchase and provision of discount prescription drugs and co-  
6 ordination of comprehensive prescription benefit services for eligible entities and members.

7 (3) The Director of the Oregon Health Authority shall appoint an administrator of the Oregon  
8 Prescription Drug Program. The administrator may:

9 (a) Negotiate price discounts and rebates on prescription drugs with prescription drug man-  
10 ufacturers or group purchasing organizations;

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

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

15 (d) Determine program prices and reimburse or replenish pharmacies for prescription drugs  
16 dispensed or transferred;

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

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

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

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

22 (a) Public Employees' Benefit Board, Oregon Educators Benefit Board and Public Employees  
23 Retirement System;

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

26 (c) Oregon Health and Science University established under ORS 353.020;

27 (d) State agencies that directly or indirectly purchase prescription drugs, including agencies that  
28 dispense prescription drugs directly to persons in state-operated facilities;

29 (e) Residents of this state who lack or are underinsured for prescription drug coverage;

30 (f) Private entities; and

31 (g) Labor organizations.

32 (5) The administrator may establish different program prices for pharmacies in rural areas to  
33 maintain statewide access to the program.

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

37 (7) *[Except as provided in subsection (8) of this section,]* The administrator may not[:]

38 *[(a) Contract with a pharmacy benefit manager;]*

39 *[(b) Establish a state-managed wholesale or retail drug distribution or dispensing system; or]*

40 *[(c)]* require pharmacies to maintain or allocate separate inventories for prescription drugs dis-  
41 pensed through the program, **except as necessary to enter into or carry out an agreement for**  
42 **the bulk purchasing of prescription drugs.**

43 (8) The administrator shall contract with one or more entities to perform any of the functions  
44 of the program, including but not limited to:

45 (a) Contracting with a pharmacy benefit manager and directly or indirectly with such pharmacy

1 networks as the administrator considers necessary to maintain statewide access to the program.

2 (b) Negotiating with prescription drug manufacturers on behalf of the administrator.

3 (9) Notwithstanding subsection (4)(e) of this section, individuals who are eligible for Medicare  
4 Part D prescription drug coverage may participate in the program.

5 (10) The program may contract with vendors as necessary to utilize discount purchasing pro-  
6 grams, including but not limited to group purchasing organizations established to meet the criteria  
7 of the Nonprofit Institutions Act, 15 U.S.C. 13c, or that are exempt under the Robinson-Patman Act,  
8 15 U.S.C. 13.

9 **SECTION 3. Section 1 of this 2019 Act is repealed on January 2, 2022.**

10 **SECTION 4. This 2019 Act being necessary for the immediate preservation of the public  
11 peace, health and safety, an emergency is declared to exist, and this 2019 Act takes effect  
12 on its passage.**

13

---