

HB 2462 -1, -2, -3, -4 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Kaitlyn Harger, Economist

Meeting Dates: 4/26

WHAT THE MEASURE DOES:

Requires pharmacy benefit managers (PBMs), upon request of the pharmacy, to amend contracts or refund additional costs to account for new taxes or fees that increase the pharmacy's costs by at least 0.3% of the pharmacy's sales of pharmaceuticals. Prohibits PBM from initiating retaliatory actions including imposing new charges or fees, requiring a contract amendment, cancellation of contract (without request of pharmacy) after fewer than five years without at least 10 months notice, demanding recoupment, and other retaliatory or punitive actions outlined in rule. Prohibits PBM from retaliating against a pharmacy that is filling an appeal, filing a complaint against the PBM to DCBS, engaging in the legislative process, and/or challenging the PBM's practices or agreements. Requires insurers offering individual or group health benefit plans in Oregon to submit contracts with PBM to DCBS for review and to supply information concerning reimbursements paid to network pharmacies. Requires DCBS to review reimbursement paid to pharmacies to determine whether the reimbursement is fair, reasonable, appropriate, and sufficient to enlist an adequate network of pharmacies in Oregon.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

- 1 Removes from the bill the requirement that PBMs adjust contracts due to changes in fees faced by pharmacies.
- 2 Removes from the bill the requirement that PBMs adjust contracts due to changes in fees faced by pharmacies. Removes from the bill requirement that insurers offering health plans in this state and in contract with a PBM shall submit the contract to DCBS for review.
- 3 Adds to the bill a definition of new tax defined as applicable to tax years beginning on or after January 1, 2020.
- 4 Removes from the bill the requirement that PBMs adjust contracts due to changes in fees faced by pharmacies. Removes from the bill requirement that insurers offering health plans in this state and in contract with a PBM shall submit the contract to DCBS for review. Adds to the bill a definition of new tax defined as applicable to tax years beginning on or after January 1, 2020.

BACKGROUND:

Upon implementation of the Corporate Activity Tax (CAT) in Oregon, stakeholders indicated that contracts between pharmacies and PBMs were signed prior to the establishment of the CAT and could not be adjusted to address the new tax liability for pharmacies. This bill mandates the amendment of contracts or refund of costs to fully incorporate the impact of the CAT on a pharmacy's costs.