

SB 844 B BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Patterson

Joint Committee On Ways and Means

Action Date: 06/21/21

Action: Do pass with amendments to the A-Eng bill. (Printed B-Eng.)

Senate Vote

Yeas: 8 - Anderson, Frederick, Golden, Gorsek, Hansell, Lieber, Steiner Hayward, Taylor

Nays: 4 - Girod, Johnson, Knopp, Thomsen

House Vote

Yeas: 7 - Bynum, Gomberg, McLain, Nosse, Rayfield, Sanchez, Sollman

Nays: 3 - Drazan, Leif, Stark

Exc: 1 - Smith G

Prepared By: Patrick Heath, Department of Administrative Services

Reviewed By: Ben Ruef, Legislative Fiscal Office

Department of Consumer and Business Services

2021-23

Budget Summary*

| | 2019-21 | 2021 - 23 | 2021-23 | Committee Change from 2019-21 | |
|--------------|--|-----------------------|--------------------------|-------------------------------|----------|
| | Legislatively Approved Budget ⁽¹⁾ | Current Service Level | Committee Recommendation | Leg. Approved | |
| | | | | \$ Change | % Change |
| General Fund | \$ - | \$ - | \$ 1,786,192 | \$ 1,786,192 | 100.0% |
| Total | \$ - | \$ - | \$ 1,786,192 | \$ 1,786,192 | 100.0% |

Position Summary

| | | | | |
|--------------------------------------|------|------|------|------|
| Authorized Positions | 0 | 0 | 8 | 8 |
| Full-time Equivalent (FTE) positions | 0.00 | 0.00 | 5.26 | 5.26 |

⁽¹⁾ Includes adjustments through January 2021

* Excludes Capital Construction expenditures

Summary of Revenue Changes

SB 844 establishes the Prescription Drug Affordability Board within the Department of Consumer and Business Services (DCBS) and appropriates \$1,786,192 General Fund for the purposes of the bill. DCBS must reimburse the General Fund once sufficient fee revenue is collected from prescription drug manufacturers by the end of the 2021-23 biennium. The Prescription Drug Affordability Board shall annually assess fees to be paid by manufacturers that sell prescription drug products in this state. The fees shall be established in amounts necessary to meet the costs of the board in administering the bill. Fees shall be imposed based on a manufacturer’s share of gross revenue from sales of prescription drug products in this state. Fees collected under this section shall be deposited in the Prescription Drug Affordability Account established by the bill. Interest earned on the account shall be credited to the account. Moneys in the account are continuously appropriated to the Prescription Drug Affordability Board to carry out the bill.

Summary of Human Services Subcommittee Action

SB 844 establishes a five-member Prescription Drug Affordability Board (Board), in DCBS, to review the affordability of prescription drugs sold in Oregon. The members of the Board are to be residents of Oregon with expertise in health care economics and clinical medicine, to be appointed by the Governor and subject to Senate approval. The Board will meet publicly to review drugs meeting certain cost or price increase thresholds. In an affordability review, the Board will determine whether a drug presents affordability challenges to Oregon patients or health systems, or health inequities for communities of color in Oregon, considering the price of the drug, drug rebates or discounts, the cost of the drug to health plans, patient access, alternatives to the drug, the average insurance co-payment for the drug, and any additional information provided by the drug’s manufacturer. If the Board determines a drug creates an affordability challenge for patients or health systems, or health inequities for communities of color, the Board may set an upper payment limit for the drug that applies to all sales and reimbursements for the

drug in Oregon. Self-insured employer plans and Medicare Advantage plans are exempt from the upper payment limit and other payers may apply for an exemption. Regardless of the exemption, health care providers are barred from billing an amount for the drug over the upper payment limit even if the patient is covered through a self-insured employer plan or otherwise exempt health plan. DCBS will provide staff support and may employ consultants, investigators or other staff necessary for the Board to carry out its duties.

The Subcommittee recommended \$1,786,192 General Fund and eight positions (5.26 FTE) to carry out the purposes of the bill. DCBS will hire the following positions: one permanent full-time Principal Executive Manager E (0.75 FTE) for program oversight and management of Affordability Reviews and appeals; one permanent full-time Project Manager 3 (0.75 FTE) to implement project plans and legislative reporting; two permanent full-time Operations and Policy Analyst 3 positions (1.50 FTE) to identify and review prescription drugs, perform the generic drug market study and annual study, and develop policy recommendations; one permanent full-time Research Analyst 4 (0.75 FTE) to perform economic analyses, collect data, and establish fees; one permanent full-time Administrative Specialist 2 (0.75 FTE) to support the program and Board; and one permanent part-time Information Systems Specialist 7 (0.38 FTE) and one permanent part-time Information Systems Specialist 8 (0.38 FTE) to provide data collection, tracking, and analysis. Personal services-related services and supplies will cost \$122,247 Other Funds. Additional costs include \$173,520 for Department of Justice hourly legal service billings, \$475,200 for consultant services, such as pharmacists or other subject matter experts on pharmaceutical prices, \$5,000 for publicity and publications, and one-time expenditures of \$12,000 for office furniture.

The bill also specifies that the funds used to reimburse the General Fund are not a budget item on which a limitation is set but are in addition to any specific biennial appropriations or amounts authorized to be expended from continuously appropriated funds.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Consumer and Business Services
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| DESCRIPTION | GENERAL FUND | LOTTERY FUNDS | OTHER FUNDS | | FEDERAL FUNDS | | TOTAL ALL FUNDS | POS | FTE |
|---|--------------|---------------|-------------|------------|---------------|------------|-----------------|-----|------|
| | | | LIMITED | NONLIMITED | LIMITED | NONLIMITED | | | |
| <u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u> | | | | | | | | | |
| SCR 017 Central Services | | | | | | | | | |
| Personal Services | \$ 150,169 | \$ - | \$ - | \$ - | \$ - | \$ - | 150,169 | 2 | 0.76 |
| Services and Supplies | \$ 14,074 | \$ - | \$ - | \$ - | \$ - | \$ - | 14,074 | | |
| SCR 018 Division of Financial Regulation | | | | | | | | | |
| Personal Services | \$ 848,056 | \$ - | \$ - | \$ - | \$ - | \$ - | 848,056 | 6 | 4.50 |
| Services and Supplies | \$ 773,893 | \$ - | \$ - | \$ - | \$ - | \$ - | 773,893 | | |
| TOTAL ADJUSTMENTS | \$ 1,786,192 | \$ - | \$ - | \$ - | \$ - | \$ - | 1,786,192 | 8 | 5.26 |
| SUBCOMMITTEE RECOMMENDATION | \$ 1,786,192 | \$ - | \$ - | \$ - | \$ - | \$ - | 1,786,192 | 8 | 5.26 |