

**HB 4149 B BUDGET REPORT and MEASURE SUMMARY**

**Carrier:** Rep. Nathanson

**Joint Committee On Ways and Means**

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**Action Date:** 03/04/24

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

**House Vote**

**Yeas:** 12 - Breese-Iverson, Evans, Gomberg, Helfrich, Holvey, Lewis, Mannix, McLain, Owens, Sanchez, Smith G, Valderrama

**Exc:** 1 - Pham K

**Senate Vote**

**Yeas:** 11 - Anderson, Campos, Dembrow, Findley, Frederick, Gelser Blouin, Girod, Hansell, Knopp, Sollman, Steiner

**Prepared By:** Ben Ruef, Legislative Fiscal Office

**Reviewed By:** Paul Siebert, Legislative Fiscal Office

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**Department of Consumer and Business Services**

**2023-25**

**Budget Summary\***

	2023-25 Legislatively Approved Budget <sup>(1)</sup>	2024 Committee Recommendation	Committee Change from 2023-25 Leg. Approved	
			\$ Change	% Change
Other Funds Limited	\$ -	\$ 697,364	\$ 697,364	100.0%
Total	\$ -	\$ 697,364	\$ 697,364	100.0%

**Position Summary**

Authorized Positions	0	5	5
Full-time Equivalent (FTE) positions	0.00	2.50	2.50

<sup>(1)</sup> Includes adjustments through January 2024

\* Excludes Capital Construction expenditures

**Summary of Revenue Changes**

House Bill 4149 is supported by fee revenues charged by the Department of Consumer and Business Services (DCBS) on pharmacy benefit managers (PBM) to recover the costs of regulation. The current PBM registration fee is \$1,100 per year for the 59 registered PBMs, which is insufficient to cover the costs of the bill. DCBS plans to use revenues from its insurer assessment for the initial costs of implementing the bill. Administrative costs which exceed DCBS’ new PBM licensing fee will also be supported by the insurer assessment, as regulation of PBMs falls under the Insurance Code.

**Summary of Capital Construction Subcommittee Action**

House Bill 4149 requires PBMs to obtain an annual license from DCBS. PBMs are organizations who contract with insurers, coordinated care organizations, or the Oregon Prescription Drug Program to manage claims, payments, and rebates or other financial incentives with pharmacies. The bill regulates the market conduct of PBMs and creates a process under which pharmacies may file complaints with DCBS in response to the pharmacy’s appeal to a PBM related to reimbursement for a drug or PBM noncompliance with other DCBS regulations. The bill prohibits PBMs from retaliating against pharmacies using the complaint process or otherwise challenge PBM practices. The bill also prohibits a policy or certificate of health insurance, or other contract providing for reimbursement of the cost of a prescription drug, from taking certain actions related to reimbursement and dispensing of federally discounted 340B drugs. Upon request, PBMs must provide their contracts and provider manuals to DCBS. The bill also adds requirements for the annual reports PBMs must already submit to DCBS. The bill exempts health maintenance organizations from these and other existing requirements. The bill requires DCBS to hire at least one new full-time employee to assist in the regulation of PBMs by January 1, 2025.

The Subcommittee recommended \$697,364 Other Funds expenditure limitation and five permanent, full-time positions (2.50 FTE) to address the increased compliance and enforcement workload required by the bill. Positions needed to implement the bill include one Compliance and Regulatory Manager 2 (0.50 FTE) to implement the program and serve as a subject matter expert, two Insurance Examiners (0.50 FTE each) to oversee the compliance and appeals process, one Financial Enforcement Officer (0.50 FTE) to complete investigations and enforcement work, and one Administrative Specialist 2 (0.50 FTE) to perform licensing and assist with requests for information. In addition to the costs of these positions and position-related Services and Supplies, expenses include an estimated \$29,300 in the 2023-25 biennium, and \$46,880 in the 2025-27 biennium, for Attorney General costs. DCBS plans to use modifications to existing IT systems to support the work required by this bill.

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

Department of Consumer and Business Services  
 Patrick Heath -- 503-378-3742

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<b>SUBCOMMITTEE ADJUSTMENTS</b>									
<b>SCR 018 - Division of Financial Regulation</b>									
Personal Services	\$ -	\$ -	\$ 605,170	\$ -	\$ -	\$ -	\$ 605,170	5	2.50
Services and Supplies	\$ -	\$ -	\$ 92,194	\$ -	\$ -	\$ -	\$ 92,194		
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 697,364</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 697,364</b>	<b>5</b>	<b>2.50</b>
% Change from 2023-25 Leg Approved Budget	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%

\*Excludes Capital Construction Expenditures