

HB 2057 -2 STAFF MEASURE SUMMARY

House Committee On Behavioral Health and Health Care

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Meeting Dates: 3/11, 4/1

WHAT THE MEASURE DOES:

The measure prohibits pharmacy benefit managers and insurers from requiring 340B pharmacies submit reimbursement claims with a modifier or other indicator that the drug is a 340B drug unless the claim is for reimbursement by the state medical assistance program or otherwise required by law. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Oregon's clearinghouse model for helping to adjudicate 340B drug claims.
- Other states with 340B claim identifier bans.
- Potential broader positive impacts on cost and access.

EFFECT OF AMENDMENT:

- Defines "conflict of interest."
- Permits pharmacy benefit managers and insurers providing prescription drug coverage to require covered entities to use a modifier or other indication for 340B drug claims unless the covered entity has submitted 340B data to a third party clearinghouse that meets specified conditions, the modifier or indicator is not required by law, or the claim is not for payment from the state medical assistance program.

-2 FISCAL: *Has minimal fiscal impact*

REVENUE: *No revenue impact*

BACKGROUND:

In 1990, Congress created the Medicaid drug rebate program (MDRP) to lower the cost of drugs covered by state Medicaid programs. The MDRP requires drug manufacturers to enter into a rebate agreement with the Secretary of the Department of Health and Human Services (HHS) as a precondition for coverage of the manufacturer's drugs by Medicaid and Medicare Part B. In 1992, Congress expanded this relief through the creation of the 340B drug pricing program. The 340B drug pricing program requires a similar agreement with the HHS Secretary in which the manufacturer agrees to provide front-end discounts on covered outpatient drugs offered by "covered entities" that serve the most vulnerable patient populations. The definition of "covered entities" includes six categories of hospitals and ten categories of non-hospital entities that are eligible based on receiving federal funding and include federally qualified health centers (FQHCs), Ryan White Comprehensive AIDS Resources Emergency (CARE) Act clinics and programs, and Title X family planning clinics.

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